PHD

A comprehensive and comparative study of strategies for international tourism and its marketing with special reference to Turkey.

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Award date:
1982

Awarding institution:
University of Bath

A COMPREHENSIVE AND COMPARATIVE STUDY OF STRATEGIES FOR INTERNATIONAL TOURISM AND ITS MARKETING WITH SPECIAL REFERENCE TO TURKEY

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for the degree of Ph.D.
of the University of Bath.

1982

ÖMER AKAT

To my Family

and

To Jill

PREFACE

It is often accepted that the key to modernization of today's less developed countries is their international transformation from traditional agricultural economies to industrialized economies. Given that such countries typically have an historical base of exporting primary commodities and that such a transformation has large requirements for foreign exchange as a source of savings and capital formation, much attention has been directed to the role of international trade as a facilitator in this long and slow process.

It may be said, in view of the limited and unstable world markets, that the exporting of staple products is not sufficient to perform this facilitating role.

International tourism has many characteristics that make it an important part of a viable development strategy for a broad group of countries if well planned. The unusual characteristics of tourism as an export product provide an escape from many of the international dilemmas. In addition to its possibilities as a source of foreign exchange, the industry has potential to transform the country's economy concerned from traditional agricultural to a more diversified and sometimes modern industrial society.

There are however, many socio-economic cultural and environmental ramifications involved in developing a tourism industry, all requiring thoroughplanning, control and marketing.

Turkey with her characteristics could produce a viable tourist product at least in the long-run to obtain badly needed foreign exchange to sustain economic growth and overall development.

ACKNOWLEDGEMENTS

This study could not have been completed without the assistance and encouragement of many individuals and organisations.

I would first of all like to express my indebtedness to the considerable stimulus and guidance I have received from my thesis supervisor, Professor R.E. Thomas, Head of the School of Management, whose encouragement was of great help throughout my study and stay at Bath University.

Mention must be made of the financial support received from the Turkish Ministry of Education which allowed me to pursue my studies in the United Kingdom.

Thanks are also due to the many people both in the United Kingdom and Turkey who provided much useful information which is incorporated in this study.

To Miss A.J. Bannister, I would like to convey my thanks for the degree of patience which she has shown during the completion of this study and the assistance she has given in making it more readable.

My thanks also go to Mrs. K. Jupe, Secretary to Professor R.E. Thomas and to the staff of the University Library for their help.

I would also like to express my appreciation for the speed and skill displayed by Miss Carol Self and Miss Angela Harrington in typing this thesis.

SUMMARY

International tourism, as an invisible export product, has been growing considerably with its many economic, socio-cultural and environmental impacts on both tourist importing and exporting countries in the world. The unique and multifaceted characteristics of this product make it necessary for the countries concerned to take a comprehensive approach to its production, control and dynamic marketing in harmony with the overall socio-economic development of the country.

This study describes and analyses the tourism product and its overall impacts and provides a conceptual, corporate planning model in which not only developing countries but all can find a background.

The study goes through four main stages of which the first is the theorectical analysis of the tourism industry, its conceptual background, its growth, factors affecting the growth and its overall effects, particularly on developing countries. It then proceeds to the second part with the planning and control of tourism development, and to the marketing of the tourism product. It evaluates the developments in these fields on a comparative basis.

The third part of the study begins with an overall picture of the Turkish economy in detail, together with social and political considerations, identifying problems of and prospects for development. It then goes on to provide a thorough examination of both the demand for, and supply of the Turkish tourism product, illustrating how the theoretical model set in the first and second parts could be used in analysing the data. Effectiveness of Turkey's tourism policies is measured,where possible on a comparative basis, identifying main problems and possible solutions.

The conclusions of the detailed analysis are given in the fourth and final part of the study in order that policies for a healthy development of international tourism in developing countries and in Turkey particularly, may be formulated and hence followed.

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ABBREVIATIONS

ABTA	=	Association of British Travel Agents (London)
ASEAN	=	Association of South East Asian Nations (Formerly Association of South East Asia : Indonesia, Malaysia, the Philippines, Singapore, and Thailand)
BTA	=	British Tourist Authority (London)
CAA	=	Civil Aviation Authority (London)
CIT	=	Chartered Inclusive Tour
CMEA	=	Council for Mutual Economic Assistance
DART	=	Dartington Amenity Research Trust (London)
DİSK	=	Confederation of Revolutionary Trades Union (Turkey)
DPT/SPO	=	State Planning Organization (Ankara)
ECE	=	Economic Commission for Europe
ECMT	=	The European Conference of Minsters of Transport
EEC	=	European Economic Community
EIB	=	European Investment Bank (Luxembourg)
EIU	=	The Economist Intelligence Unit (London)
ESA	=	Economic Stabilization Administration of United Nations
ETC	=	European Travel Commission
FAO	=	Food and Agriculture Organization
GATT	=	General Agreement on Tariffs and Trade (Organization, and the concept it represents, concerned with adjustments of tariffs between 73 member nations).
GDP	=	Gross Domestic Product
GNP	=	Gross National Product
HRA	=	Hotel and Restaurant Administration
IATA	=	The International Air Transport Association
IBRD	=	International Bank for Reconstruction and Development (Also known as World Bank)
IMF	=	International Monetary Fund
ITA	=	Institute of Transport Aviation
ITC	=	Inclusive Tour on Charter
IUOTO	=	International Union of Official Travel Organization (as from November 1974 this Organization became known as World Tourism Organization)
MEBAN	=	Securities, Brokerage and Finance Corporation (İstanbul)
MİSK	=	Confederation of Nationalist Trades Union (Turkey)
MTI	=	Ministry of Tourism and Information (Ankara)
NSC	=	National Security Council (Turkey)

NTO's	=	National Tourism Organizations
OECD	=	Organization for Economic Co-operation and Development (Paris)
OFT	=	Office of Fair Trading (London)
OPEC	=	Organization of Petroleum Exporting Countries
PATA	=	The Pacific Area Travel Association
SEE's	=	State Economic Enterprises (Turkey)
SIS	=	State Institute of Statistics (Ankara)
TCDD	=	Turkish State Railways
THY	=	Turkish Airlines
TL	=	Turkish Pound (Lira), £1 = TL270 (May 1982)
TPAO	=	Turkish Petroleum Corporation
TTRA	=	The Travel Research Association
TÜSİAD	=	Turkish Industrialists and Businessmen's Association
TWA	=	Transcontinental and Western Airlines (Later Trans World Airlines)
UN	=	United Nations
UNCTAD	=	United Nations Conference on Trade and Development
UNE	=	United Nations European Headquarters (Geneva)
UNECE	=	United Nations Economic Commission for Europe
UNECOSOC	=	United Nations Economic and Social Council
UNEP	=	United Nations Environmental Programme
UNESCO	=	The United Nations Education, Scientific and Cultural Organization
WEEA	=	Western European Airports Association (London)
WTO	=	The World Tourism Organization (Madrid)

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PART I

BACKGROUND TO THE STUDY

CHAPTER 1

INTRODUCTION

1.1 Introduction

For many years, international tourism has been one of the most rapidly growing industries in the World. Despite temporary setbacks, such as the fuel crisis in the early 1970's, the industry has grown and continues to grow rapidly due, in part, to innovations in technology, transporation, and communication. Some additional factors that have contributed significantly include the rising standards of living and education in many countries, increased discretionary income and leisure time, and a desire for relaxation from industrialization. The following table illustrates the expansion of international tourism during the period 1958 - 1978.

Table 1.1 International Tourist Arrivals and Receipts

	1958	1968	1978	% Annual Growth 1958 - 1968	% Annual Growth 1968 - 1978	% Annual Growth 1958 - 1978	% Total Growth 1958 - 1978
International tourist arrivals (millions)	55.3	139.7	265.8	9.6	6.6	8.1	480.6
International tourist receipts ($ billions)	5.4	13.8	65	9.8	16.7	13.2	1203

Source: World Tourism Organisation (WTO)

As the table shows, by 1978 international tourist arrivals had reached 265.8 million. This was 4.8 times the 1958 figure of 55.3 million, whilst receipts from international tourism increased more than 12 times reaching $65 billion in the last two decades (part of which, however, was due to the effect of inflation). Despite the inadequacies of tourism data, it does seem that the rate of growth in international tourism receipts has been consistently above the rate of growth of world trade generally, and particularly many traded commodities.[1] This relatively high and sustained growth rate in tourist arrivals, and the socio-economic implications of this for specific countries and regions, have attracted many people from various backgrounds to the study of international tourism. In view of the volume of expenditure and its rate of growth, the importance of tourism is being recognised and, in many countries, particularly the developing ones, national tourist offices have been created and institutions such as tourism development banks have been set up. The increasingly international character of "modern tourism" and the growing influence of international agencies in various fields are also reflected in the growth of regional and international co-operation and organisation in tourism such as the Pacific Area Travel Association, the Tourism Committee of the Organisation for Economic Co-operation and Development, The World Tourism Organisation, the World Bank and, The United Nations Educational, Scientific and Cultural Organisation (UNESCO).

This well developed structure of national and international organisations safeguards and represents the interests of the tourism industry. In recent years, for example, both The World Bank and UNESCO have been involved in tourism development. UNESCO's involvement has been mostly indirect, either supporting research projects in which the impacts of tourism figured or assisting in the preservation of cultural monuments which also happened to be tourist attractions. The World Bank has lent considerable amounts specifically for tourism development, in the form of finance for infrastructure such as roads, water supplies, and telecommunications in tourist areas, as well as for hotels. In some projects for example, in Jordan, Senegal and Turkey the Bank and UNESCO have combined their efforts, the Bank financing preservation of archaelogical monuments as components of larger tourism projects, and UNESCO providing the necessary specialised expertise.
Those responsible for recommending actions intended to induce an increase in revenues from tourists in a given country face a difficult

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(1) See "United Nations Statistical Year Books", New York, UN, 1970 - 76, and WTO (1978)

task. There are many motivations for international travel, and many qualitative differences between countries, and each country has important and unchangeable characteristics of location and history. The best policy for each country to pursue in attracting tourists is certainly not obvious. The results of this analysis may not reveal any final answers but they may be useful in defining the problem more clearly and in suggesting further, and more specialised research.

1.2 Purpose and Limitations of the Study

The main purpose of this study is to undertake a comprehensive and, where possible, comparative analysis of the highly diversified nature of international tourism which should be of particular interest to those concerned in developing tourism particularly in countries such as Turkey where it could have significant benefits.

It is not, however, in the nature of this study to give clear-cut answers to the questions asked about tourism's socio-economic, environmental and, cultural impacts and to set out a series of definite policies. It does look at this rather complicated subject of international tourism from various angles, primarily from a dynamic and integrated marketing point of view in order to understand it better and prepare a background on which more empirical research can be carried out both nationally and internationally.

The analysis carried out in this study does not necessarily confine itself to a particular school of thought or political system but looks at the whole issue from a modern marketing and strategic standpoint.

It is on this background that the study analyses and assesses the Turkish case in detail giving emphasis to the country's general socio-economic situation and cultural characteristics together with its political environment, within which tourism development has to take place. A complementary aim of the study is, therefore to analyse thoroughly the state of the tourism sector in Turkey and identify the areas of inadequacy of supply of the Turkish tourism product in meeting actual and potential demand. This is, of course, not an easy task as the nature of the subject is a very complex one indeed.

Turkey does, nevertheless, make a very good choice for such a case study for the following reasons. First, the Turkish economy has shown all the problems which prevail in most developing countries. Secondly, it has been gradually transformed from an agricultural economy into a more diversified and to some extent, an industrialised economy. Thirdly, Turkey has, as a result of economic problems, been undergoing some kind of socio-cultural and political change and, is in search of a permanent alternative solution.

These reasons cause this study to consider tourism in the overall development policy and a set of suggested policy alternatives are proposed.

An attempt is also made to measure and compare Turkey's performance in the field of international tourism with other countries mainly in the O.E.C.D. area where the subject is rooted.

This comparison, in fact the entire study has, from time to time been constrained, largely by the lack of relevant and consistent data. Its availability was particularly poor in the case of Turkey. Part of the initial purpose of the study has consequently been diverted, thus causing the work to be of a theoretical rather than empirical nature.[2]

It is, on the whole, a multidiciplinary study which seeks to provide a background for future studies of both an empirical and theoretical nature. It emphasises the need for comparative studies. It is hoped that international organisations and market researchers will realise the importance of such a task which is often beyond the scope of individual efforts in this rather significant but neglected area.

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(2) On the subject of limitations, see also Methodology - Field Research.

1.3 Methodology

In preparing this thesis, the researcher made extensive use of available published and unpublished material issued by many organisations and individuals and, visited Turkey, France and Luxembourg in order to obtain more data and carry out field research. The study is, therefore, based on both literature survey and field research. Where appropriate, suggestions to policies which developing countries in general and Turkey, in particular, might pursue are made and personal view-points are given by the researcher.

Literature Survey: Publications and occasional papers of national and international organisations, such as universities, United Nations, World Tourism Organisation, O.E.C.D, World Bank, Turkish State Planning Organisation and Ministry of Tourism, Economic Intelligence Unit, British Tourist Authority etc., were extensively used.

It took a considerable time to comprehend fully the extent and nature of the subject and to set out a framework of a model in which multi-diciplinary aspects emphasising marketing, could all be taken into consideration. It must, however, be stated that there is an impressive amount of literature on the subject, much of which is confined mainly to developed countries. Although there is a wide range of disparate activities, a great deal of research has been undertaken into various aspects of the tourist phenomenon by geographers, foresters, agriculturalists etc., it was not until very recently that tourism received attention on the part of economists. Some research centres and universities devoted exclusively to tourism studies, have been set up. These increased in number during recent years offering facilities for the study of the economics of tourism.

The quality and depth of economic studies of tourism, unfortunately have been very much hampered by the availability and quality of tourism data, particularly in developing countries like Turkey. Although different authors use widely different approaches and techniques to analyse, evaluate and forecast the economic aspects of tourism, at the present, no generally accepted methodology for the economic analysis of tourism seems to have been agreed upon.

Broadly speaking, the main streams of research in the field of tourism's economic impact may be divided into three main groups being for various countries:

1. Demand analysis based on estimates of income and price elasticities and the forecast of the flow of tourism;
2. Impact and multiplier studies based on mainly Keynesian theories, which have greatly increased in number over recent years;
3. Cost-benefit analysis especially for developing countries.

It is not intended here to give a wide ranging review of all such studies, but in the field of cost-benefit analysis research on tourism in developing countries, a contribution made by Bryden(3) describes how cost-benefit analysis relying heavily on that proposed by Little and Mirrlees(4), could be applied to the evaluation of tourist projects.

Another broad group of studies including national tourism development plans, theoretical aspects of the role of tourism in socio-economic, cultural and environmental development and marketing studies, were of importance and made use of most in this study.

It must, however, be pointed out that most of these studies on tourism take to one of two extremes either advocating tourism as the only alternative for socio-economic development or condemning it altogether. They also lack comparative and multidiciplinary analytical content which this study maintains is a good background. A complete list of references used in this thesis is given at the end of the study as well as where necessary throughout the chapters.

Field research was carried out mainly by means of questionnaire and interview. First, a brief questionnaire was distributed to British Tour Operators and Travel Agents in 1980 offering holidays in Turkey.

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(3) Bryden (1973), Chp 5 - Chp 9.

(4) Little and Mirrlees (1968)

The aim of this pilot study was to test the British market as it is one of Turkey's major tourist generators and to set out a background on which further field research could be based.[5]

Further, a period of six weeks was spent in Turkey studying and experiencing the current tourism situation of the country. Research was carried out in three main cities namely, the capital city of Ankara, İstanbul and the skiing and historical spa centre of Bursa. The tourist authorities in these cities were consulted at top level and further research carried out by means of interviewing and the distribution of questionnaires.

Government officials in Ankara were interviewed on the basis of personal recommendation by a lecturer in Hotel and Tourism Management at the Bosphorus University in İstanbul. The interviews were, in general, of a brief nature conducted formally and on the subject of the present tourism situation in Turkey and the further development of the industry. Other groups interviewed were academic staff, entrepreneurs i.e. hoteliers and finally actual tourists to Turkey chosen at random.[6]

In Bursa, as part of a case study, a number of hotel staff and managers were interviewed and their views discussed on the development of tourism to Turkey as a whole and particularly to Bursa. Problems of development were highlighted and current tourism trends to Turkey defined.

During the case study, actual tourists to Bursa were approached at every opportunity and questionnaires completed by them. To aid distribution, The Tourism Information Bureau in Bursa agreed to issue approximately 50 copies of this questionnaire to foreign tourists which would be returned to the U.K. at a later date.[7]

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(5) The questionnaire sample of this and its limited results due to poor response can be found in Appendix 7.3, p.390.

(6) See list of interviewees.

(7) The sample and results are to be found in Appendix 7.4, p392.

Moreover, apart from the above questionnaire which was designed for actual tourists, a subsequent questionnaire agreed upon by the supervisor, was compiled for completion by accommodation establishments and by travel agents in Turkey. Distribution of these questionnaires was arbitrary, regardless of the scale and nature of hotels and motels or travel agents. These were sent out together with covering letters from both the researcher and the Turkish Ministry of Education explaining the nature and importance of the study. Although a reminder was sent, response was a complete failure imposing severe limitations on field research, causing the study to be more theoretical. Only a few questionnaires were completed and returned.[8] Although those returned were considerably informative and useful, their results were only touched upon where relevant. This, as will be seen, has imposed constraints on the study and has profoundly highlighted the need for tourism consciousness and understanding of the importance of research and education in tourism in Turkey.

In carrying out interviews, difficulty was also experienced in making the necessary appointments and visits were cut short due to the lack of time spared by officials for each interview. The event of the military coup in Ankara in September further harassed this situation.

During the case study in Bursa, the difficulty in arranging appointments to see hotel managers was even more noticeable.
In Ankara and Bursa, where the relevant authorities were interviewed, it was found that, sometimes more than one visit to a respondant was required in order to complete an interview and to collect the additional data needed. This difficulty was particularly felt in the capital of Ankara. Finally, the economic and political climate in the country at that time was a constraining factor and from the researcher's point of view, necessary travelling via public transport was both restricting and time consuming.

Despite limitations, interviews proved to be useful, emphasising the general desire to develop tourism in Turkey. Insufficient knowledge

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(8) See questionnaire samples Appendix 8.11.

and a lack of financial resources restricting development without financial aid from abroad, were often mentioned calling for better organisation and planning of the entire industry.

In addition, in order to consult published material available only in Turkey, one week's study was carried out in the Tourism and Hotel Management Department of the Bosphorus University Library and a subsequent four day study at the Library of the Ministry of Tourism and Information in Ankara where a substantial amount of useful data was made available.

1.4 The History of International Tourism

Even if it is often said to the contrary, tourism is a fairly recent economic phenomenon.(9) In the history of economic thought, one can find but rare instances of authors who have made use of examples of tourism in order to justify their theories. Thomas Mun in his "England's Treasury by Foreign Trade, 1620(10), on the subject of money spent by travellers, speaks of "petty things" with reference to England's balance of payments; and it can not be argued that he was wrong. Even Mun, however, as in the case of many who devote themselves to the study of the history of tourism, starts with this simple equation; that he who travels is a tourist: and going back in time, such research always concludes with the discovery that tourism has always existed and that it is born with man.

In the definition of the tourist phenomenon, spatial displacement is, however, a necessary condition but is not sufficient in itself: it should be accompanied by a transfer of income which is to be spent on "leisure" and which accompanies the traveller. Within this kind of framework, the history of tourism is probably much more recent than it is usually supposed to be: it is true that popular tradition recorded in written form only a few centuries ago, is full of merchants and sailors who travelled the world, and slaves transported from one country to another, or of damsels seduced by foreigners to faraway

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(9) Though Large-scale religious pilgrimages have taken place for two or more thousand years.

(10) This is quoted by Young (1973), p.l.

lands, but in our time no-one would ever say that a phenomenon similar to that of tourism can be seen in any of these above-mentioned examples, or indeed in any other connected with belligerence, and so too it would be a bitter irony to name as tourists, emigrants in search of work or those who are driven to leave their own country in order to enrich their cultural background or to improve their professional skills.

Among all the forms of tourism known from ancient times, only that connected with sport or religion seems to have attained a relative importance in the economic and social fields, and this only in rather special circumstances; in Roman times in a somewhat limited number there are cases of a "second home"; meanwhile in the case of thermal tourism (spa resorts), which has been known for a very long time, one can speak of real tourism only if one is to insist on the total inefficiency of the cures which are administered in these resorts. Travelling for pleasure in a foreign country by large numbers of people is a relatively modern occurrence, however, dating only from the early nineteenth century.[11]

In short, tourism has lost its character of a typical literary phenomenon after the period of The Industrial Revolution; it has acquired the aspects of an economically significant phenomenon, particularly in its international flow after The Second World War.

1.5 Definitions

What is tourism? What is a tourist? These questions raise the problem of definition. Tourism is defined as the movement of people within their own country (domestic tourism), and across national boundaries (international tourism). Broadly speaking, a tourist is someone who travels away from home. Up to 1963, The Tourism Committee of the Organisation of Economic and Commercial Development, recommended to the member countries this definition of a "foreign tourist":

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(11) Dumazedier (1967), p. 125.

"any person visiting a country other than that in which he usually resides, for a period of at least 24 hours".[12] The following are therefore considered as tourists:

(a) Persons travelling for pleasure, for family reasons, for health etc;

(b) Persons travelling to meetings, or in a representative capacity of any kind (scientific, administrative, diplomatic, religious, athletic etc.);

(c) Persons travelling for business reasons;

(d) Persons arriving in the course of a sea cruise, even when they stay less than 24 hours (the latter should be recognised as a separate group, if necessary disregarding their usual place of residence).

The above definition could also apply to domestic tourism. A tourist is then: "any person visiting a place for a period of at least 24 hours". In 1963, in Rome, The United Nations Conference on International Travel, considered a definition and recommended that "visitor" which, for statistical purposes describes "any persons visiting a country other than that in which he has his usual place of residence, for any reasons other than following an occupation remunerated from within the country visited".[13]
This definition covered the following:

1. "Tourists", i.e. temporary visitors staying at least 24 hours in the country visited and the purpose of whose journey can be classified under one of the following headings:

   (a) leisure (recreation, holiday, health, study, religion and sport);

   (b) business, family, mission, meetings;

2. "Excursionists", i.e. temporary visitors staying less than 24 hours in the country visited (including travellers on cruises).

This definition has practical value as data on the number of persons using overnight accommodation is sometimes the basic source of

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(12) OECD (1979)[b], p.5.
(13) WTO (1974)

information on the number of tourists visiting a country, especially if recording tourists at the frontier is not undertaken.

1.6 Problems in the Recording and Compiling of Tourism Statistics

The United Nations Statistical Commission in 1965 stressed that the compilation of statistics according to the 1963 definition would be almost impossible for the Scandinavian countries where there are no frontier formalities. With the reduction of such formalities through the spread of regional agreements like the Common Market, this type of problem is increasing rather than diminishing. Young[(14)] comments that "the rather unsatisfactory situation which exists at the moment is that ...... some countries collect statistics of arrivals at the frontier and many of these distinguish between tourists, those who stay more than 24 hours, and day excursionists. Others collect statistics of arrivals at registered accommodation but there is no international agreement as to what accommodation should be registered; and even if there was, it would exclude visits to friends and it would lead to multiple recording of mobile tourists".

Although all European countries recognise the value of definitions, it is not always possible for them in practice to count the tourists defined in this way. Normally they count not the number of tourists but the number of tourist arrivals and departures or "nights". The statistics collected by the EEC Member Countries and other countries through these different systems are not easily comparable. Inspection of the returns submitted to WTO by 106 countries for their tourism sectors in 1976 indicates the extent of the problem.

Countries recording all visitors 75
Countries recording tourists...........................68
Countries recording arrivals at
registered tourist accommodation.......................52

These problems are all connected with first generation tourism statistics, i.e. the recording of movements. It is little wonder, then, that information is so sparse on the economic and social impact of tourism which requires the compilation of second

(14) Young (1973), pp. 49-70.

generation tourism statistics, e.g. import content of tourism receipts, employment etc.[15]

1.7 Tourist Motivations and Types of International Tourism and Tourist

Some studies of tourist psychology and motivation reveal that people normally travel for more than one reason, and for many, perhaps the majority, tourism is the outcome of a combination of motivations. On the other hand, it should be recognised that some are urged to take a holiday for one particular reason alone. Those, for example, who can afford the time and money, frequently go to the winter sports resorts for the specific purpose of skiing and skating. Many Britons, Germans and Scandinavians are attracted to the Mediterranean Countries by nothing other than abundant sunshine, blue skies and warm seas as numerous Americans visit Europe just to look at the "old homeland" and at such historic centres as London, Amsterdam, Rome and Venice.

Basic travel motivators may be grouped into four categories:

(i) Physical motivators, which are related to physical relaxation and rest, sporting activities, and specific medical treatment; all are connected with the individual's bodily health.

(ii) Cultural motivators, which are connected with the individual's desire to travel abroad in order to learn about other countries and their peoples and their cultural heritage expressed in art, music, literature, folklore, etc.

(iii) Interpersonal motivators, which are related to a desire to visit relatives or friends, or to escape from one's family, workmates or neighbours, or to meet new people and make new friendships, or simply to escape from the routine of everyday life.

(iv) Status and prestige motivators, which are identified with needs of personal esteem and personal development; these are related to travel for business or professional interests, for the purpose of education or the pursuit of hobbies.

Whatever the motivations are for individuals, international travellers

(15) For an extended view of the subject see IUOTO (1974) and, Robinson (1976), chp. V.

fall into two groups. The first group comprises those who may be described as "common interest travellers", such as those visiting friends and relatives. The decision to travel, where to go and when to go, is to a greater or lesser extent outside their control. They are less influenced by price or distance and particularly business travel is relatively price-inelastic that is, not sensitive to price inducements. The second group - "tourists in the pure sense"- have a freedom of choice. They decide for themselves where to go and when to go. Their demand for travel is highly price-elastic that is, sensitive to price inducements.(16)

Although the motivations for pleasure or holiday travel are varied and not always clearly evident or easily identifiable, the desire for variety, novelty, and strangeness are the primary motives of tourism.

Gray(17) distinguishes between two forms of tourism:

(a) "Sunlust tourism" is primarily oriented towards climate, beach and amenities which do not significantly differ in culture or kind from those available nearby and;

(b) "Wanderlust tourism" where the emphasis is on change, different places, people, culture, cuisine and larger, ostensibly educational elements.

The significance of the two types of tourism relates to the degree to which they are likely to be international rather than domestic and to the type of facilities required at the destination. In a large country like The United States both may be satisfied but, on the whole, wanderlust is more likely to be international and long-haul.

Types of tourist differ according to their expectations and, to a certain extent, on how much they are willing and able to spend. Tourists take various forms according to their motivations; including those of businessmen, diplomats, conference-convention delegates,

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(16) Burkart and Medlik (1974), p.55.
(17) Gray (1970), p.14.

students, sportsmen and persons travelling for reasons of health, religion and family. The Socio-economic impacts of each tourist type on host countries vary, depending on their socio-economic backgrounds, interests and, the frequency and style of travel. The key is whether or not the tourist is "institutionalised" i.e. using programmed services of airlines, travel agents, tour operators etc. Cohen[18] has designed a typology by taking the two segments identified by Gray further, by dividing sunlust tourism into "organised" and "individual mass tourism" segments while wanderlust tourism is subdivided into categories as the "explorer" and the "drifter".

Though international tourism could be studied comparatively from several angles, the most important variables of comparison are probably the differences between the cultural characteristics of the tourist and the host[19] which, in return, may lead to the economic transformation of a country as a whole.

Despite novelty and strangeness being essential elements, most tourists seem to need something familiar around them whatever it may be. Institutionalised tourism is a mass industry. The tour is sold as a package, standardised and mass produced. It will call for the "transformation of attractions" (providing controlled novelty) and "standardisation of facilities" (with necessary familiarity), therefore, a tourist infrastructure and superstructure of facilities based on Western standards has to be created to serve this type of tourist even in the poorest host countries.

The explorer of non-institutionalised tourism tries to avoid the mass tourist route and the traditional tourist attraction spots, but he nevertheless looks for comfortable accommodation and reliable means of transportation. As the explorer discovers new places of interest, he opens the way for more commercialised (mass) forms of tourism.

On the contrary, the drifter purposely travels without either

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(18) Cohen (1972)
(19) For full details see "International Journal of Comparative Sociology" Forster (1964), Sutton (1967) and Cohen (1971)

itinerary or destination, or even well defined purpose. The drifter is, then, the true rebel of the tourist establishment and the complete opposite of the mass tourist.

The impact of international tourism on a country with an unbalanced, developing economy might be much more serious than its impact on a mature, well-developed nation.

1.8 Dimensions of World Tourism and its Significance

In economic terms, international tourism is an invisible export which differs from other forms of international trade in several ways.

(i) The consumer 'collects' the product from the exporting (tourist-receiving) country, thereby eliminating any transportation costs for the exporter, except in cases where the airlines used are those of the tourist receiving country.

(ii) International tourism is in general both price and income elastic. Demand for the pleasure segment of international tourism is highly sensitive to non-economic factors such as local disturbances, political troubles and changes in the popularity of resorts/countries created largely by media coverage.

(iii) By means of specific fiscal measures, the exporting country can manipulate exchange rates so that those for tourists are higher or lower (normally the latter in order to attract a greater number of tourists) than those at which other foreign trade takes place.

(iv) Tourism is a multifaceted product which directly affects several sectors in the economy e.g. accommodation, transport and entertainment and indirectly affects many others e.g. equipment manufacturers, utilities etc.

(v) Tourism brings many more social and cultural benefits and costs than other export industry.

1.8.1 Trends Over the Last Two Decades

Up to the Second World War, international tourism was largely confined to North America, Europe and the Mediterranean. The last 20 to 3o years, however, have seen a phenomenal growth both in the total volume of tourism, and in its geographical spread so that almost every country in the world now receives significant numbers of visitors.

International tourism has grown in scale from 55 mn. individual journeys in 1958 to 265 mn. in 1978, a more than fourfold increase in two decades, at an annual growth rate of almost 10 per cent; and it is expected to continue to grow in the years ahead, the prospects thus being that it may reach double its present volume by the 1990's. The corresponding rise in International Tourist Receipts was 13 per cent annually in current terms as represented in Table 1.2.

Table 1.2 Yearly Growth of International Tourist Arrivals and Receipts, 1958 - 1978

	Tourist Arrivals		Tourist Receipts (a)	
	No. (Mn.)	Annual % Increase	AMT. (US $bn.)	Annual % Increase
1958	55	-	5.4	-
1968	140	-	13.8	-
1969	154	10.3	15.4	11.6
1970	168	9.3	17.9	16.2
1971	182	7.8	20.9	16.8
1972	198	9.1	24.2	15.8
1973	215	8.6	27.6	14.0
1974	209	(-) 2.8	29.0	5.1
1975	213	2.0	34.0	17.2
1976	219	2.8	43.5	27.9
1977	240	9.6	54.0	24.1
1978	265	10.4	65.0	20.3

(a) Current prices

Source: W.T.O., Madrid, 1979.

The average levels of growth in tourist arrivals were achieved in spite of the impact of OPEC's decision to boost oil prices to the extent that the price of aviation fuel quadrupled between March 1973 and March 1974. This, as can be seen in the above table, caused a decline in tourist arrivals in 1974 (the first over two decades), followed by a year of slow recovery and the establishment of new record levels of tourism.

Clearly, a different picture emerges when international tourist receipt figures are examined. Growth has been consistent throughout the last decade and the rate of growth only slightly hindered by the oil price increases, however, the data in Table 1.2 relate to receipts in current terms, not at constant prices, and the high rates of growth are principally due to inflation particularly in 1975 when a 2 per cent increase in tourist arrivals produced a 17 per cent rise in tourist receipts and in 1976 when a 2.8 per cent volume growth was accompanied by a 28 per cent value increase.

In order to analyse the character of world tourism one should break down the arrival figures into four segments:

(a) Long-haul or intercontinental movements, between Europe and Asia, North America and The Pacific, or traffic over the North Atlantic;
(b) Short-haul traffic which may be defined as inter-regional or intra-regional, between South Asia and The ASEAN or East Asia or within each regional group like Africa, Latin America, Western Europe and Eastern Europe;
(c) Movements across the borders, as between Belgium and France, Germany and Austria;
(d) Domestic tourism within national borders.

It is necessary to make this distinction because in the case of the first three categories the U.N. definition of the tourist is the same.

Of the domestic or "national" tourism, the majority falls within countries in the developed world. These countries and particularly those of North America, Europe, Japan and Australasia, are also the origin of the overwhelming bulk of international journeys. For instance, of the 243.6 million international tourists counted in

1977, nearly 153 mn. criss-crossed frontiers within Europe, 24.5 mn. travelled between the U.S.A and Canada, 4.5 mn. between the U.S.A and Mexico. The world figures of international tourism are thus rather deceptive because inter-regional and intra-regional tourism is the predominant component. Even the most high density long-haul route of the world, The North Atlantic, in 1979 carried only 5.5 million tourists including cruise passengers.[20] Moreover, most of the international journeys also have their destination in the developed world. Thus Europe now attracts 73 per cent of the world total of international journeys as shown in Table 1.3

Table 1.3 International Tourist Arrivals by Region, 1974-1978

Regions	1974		1975		1976		1977		1978	
	Arrivals Mn.	% of total	Mn.	%	Mn.	%	Mn.	%	Mn.	%
Europe	144.4	71.8	148.0	71.6	165.0	72.7	178.3	73.3	194.3	73.1
Americas	40.0	19.9	41.6	20.1	43.5	19.2	45.1	18.5	48.2	18.1
Asia + Pacific	75	3.7	8.1	3.9	9.2	4.0	10.2	4.2	12.4	4.7
Africa	3.9	1.3	4.3	2.1	4.1	1.8	4.5	1.8	5.0	1.9
Middle East	4.3	2.1	3.4	1.6	3.6	1.6	3.5	1.4	4.0	1.5
South Asia	1.3	0.6	1.5	0.7	1.6	0.7	2.0	0.8	1.9	0.7
TOTAL	201.4	100.0	206.9	100.0	227.0	100.0	243.6	100.0	265.8	100.0

Source: WTO, Madrid 1979

1.8.2 Tourism in The O.E.C.D. Area and its Economic Importance

A common feature of O.E.C.D. Member Countries has been the similarity of the economic thinking and social aims which have gradually come to underline most of their tourism policy decisions over the last two decades. In most O.E.C.D countries tourism has become an important service industry which attracts substantial amounts of foreign exchange and generates a considerable volume of employment, both for their

(20) Chib (1980), p. 284.

nationals and for migrant workers.

Business trips and private travel combine to give tourism a major role in the economies of many countries in the O.E.C.D. Totalling almost $52 billion in 1978, international receipts from tourism of the O.E.C.D. countries accounted for some 80 per cent of world tourism receipts as against 77 per cent in 1977. (See Table 1.4).

International tourist receipts in terms of United States Dollars on the whole, showed particularly high growth rates in 1978 over the preceding year, both at individual and Member country level and for the O.E.C.D. area as a whole. This high level of growth is partly attributable to the persistence of inflation at various levels in the O.E.C.D. area (averaging 7 per cent) and to fluctuations in the exchange rates for the U.S. Dollar used as the unit of account and for the national currencies of the other Member countries. Moreover, in 1978 for all O.E.C.D. countries foreign tourists from other Member countries accounted for a large percentage of both arrivals at frontiers and nights spent. The 6 per cent increase in these receipts over the previous year (in real terms) was higher than the rate of growth of G.N.P. in the O.E.C.D. area as a whole (3.7 per cent).[21] The share of international tourist receipts in exports of goods and services and the share of expenditure in imports for the O.E.C.D. area continued to increase in 1978 to reach 4.5 per cent and 4.9 per cent respectively. (See Table 1.5).

One noteworthy development is that O.E.C.D. countries are prospecting for customers throughout the O.E.C.D. area, not considering as an obstacle, the distance between Europe, North America and Japan-Australasia. Air transport can considerably increase the share of each of these three groups in the tourist market of the other two. The North Atlantic can be seen as a testing ground; new developments on this run in 1978 and in the following years could lead to major changes in the concept of international air transport. Popularisation of this type of transport through a substantial reduction of fares and the streamlining of ground and air services should, in the long run lead to a sharp expansion of international tourism throughout

(21) "The O.E.C.D. Observer", No. 101, November 1979, p 35.

Table 1.4 International Tourist Receipts in O.E.C.D, 1977 - 1978

(Rounded Figures in million of U.S. $)

O.E.C.D Member Countries	1977	1978	%
Austria	3,748	4,716	+25.8
Belgium-Luxembourg	1,163	1,249	+7.4
Denmark	940	1,125	+19.7
Finland	355	419	+18.0
France	4,384	5,903	+34.6
Germany	3,972	4,813	+21.2
Greece	981	1,326	+35.2
Iceland	15	19	+26.7
Ireland	345	463	+34.2
Italy	4,762	6,285	+32.0
Netherlands	1,110	1,254	+13.0
Norway	485	558	+15.1
Portugal	405	600	+48.0
Spain	4,003	5,488	+37.1
Sweden	446	538	+20.6
Switzerland	1,943	2,446	+25.9
Turkey	205	230	+12.2
United Kingdom	3,803	4,464	+17.4
A. TOTAL EUROPE	33,065	41,896	+26.7
Canada	1,616	1,722	+6.6
U.S.A.	6,164	7,070	+14.7
B. TOTAL NORTH AMERICA	7.780	8,792	+13.0
Australasia	346	393	+13.6
New Zealand	155	166	+7.1
Japan	425	470	+10.6
C. TOTAL AUSTRALASIA - JAPAN	926	1,029	+11.1
D. TOTAL (A+B+C) O.E.C.D. COUNTRIES	41,771	51,717	+23.8
TOTAL WORLD	54,000	62,500	+15.7

SOURCE: W.T.O., O.E.C.D.

Table 1.5 Share of International Tourist Receipts in Exports of Goods and Services and The Share of Expenditure in Imports, 1977 - 1978.

O.E.C.D. MEMBER - COUNTRIES	RECEIPTS IN EXPORTS(%)		EXPENDITURE IN IMPORTS(%)	
	1977	1978	1977	1978
EUROPE	5.4	(5.7)	4.9	(5.3)
Austria	21.7	22.0	10.0	9.9
Belgium-Luxembourg	2.0	2.4*	3.3	3.9*
Denmark	6.5	6.6	5.7	6.1
Finland	4.1	4.2*	4.0	4.3*
France	5.1	5.5*	4.6	4.3*
Germany	2.7	2.8	8.3	9.2
Greece	19.2	21.6*	2.2	2.9*
Iceland	2.1	(2.4)	4.4	(4.6)
Ireland	5.2	(4.4)	3.7	(2.6)
Italy	8.2	8.7*	1.6	1.8
Netherlands	2.1	2.0	4.7	5.5
Norway	3.3	3.3*	5.5	6.7*
Portugal	13.8	16.6*	2.4	2.7*
Spain	22.5	23.8*	2.5	2.5*
Sweden	1.9	2.0*	4.9	5.3*
Switzerland	9.7	(8.9)	6.3	(6.7)
Turkey	8.0	(6.9)	3.8	(1.6)
United Kingdom	4.6	4.8	2.4	3.1
NORTH AMERICA	3.5	3.4	4.4	4.2
Canada	3.8	3.8	6.5	6.1
U.S.	3.4	3.2	3.8	3.7
AUSTRALASIA-JAPAN	0.8	0.8*	2.8	3.9*
Australia	2.3	2.3*	3.2	3.4*
New Zealand	4.3	3.6	6.6	7.3*
Japan	0.4	0.4	2.6	3.8
O.E.C.D.	4.4	(4.5)	(4.5)	(4.9)

SOURCE: O.E.C.D. Balance of Payments Division

* = Provisional figures.

() = estimates.

the O.E.C.D. Area. As a consequence, the competition that now takes place is between tourist receiving regions as well as between countries. The increasing role of regions in promoting their tourism has, in turn, strengthened local co-operation between the public and the private sectors. The most remote and least developed regions are thus more easily integrated into the overall economic activity of the O.E.C.D. area.

Given the range of motivation age group and income level of tourists, Member-countries have sought to improve the quality/price ratios of their facilities to cater for the very different social economic categories of tourists whatever way they travel. They have also tried to make their tourism more internationally competitive. These two types of action explain in part the expansionary trend of both domestic and international tourism in the O.E.C.D. area.

1.8.3 Developing Countries' Share of International Tourism

International travel to developing countries has increased rapidly in the last two decades. Whereas in 1950 there were only about 2.25 million international visitors to the developing countries, by 1967 there were about 16 million such visitors. Receipts from these visitors (excluding payments for international travel) rose from $0.5 billion to about $3 billion over this period.(22)

The most comprehensive attempt at analysing developing countries' performance in international tourism is presented in the 1975 study prepared by I.U.O.T.O using the UNCTAD definition of developing countries. According to this study,(23) one fifth of world tourism expenditure accrued to developing countries over the period 1962 to 1973. Some growth had occurred in developing countries' share over the period but this increase had been small. The afore-mentioned study pointed out, however, that developing countries' share of world tourism receipts had become slightly larger than their share of international trade. Over the 1962 - 1973 period their relative share of tourism receipts rose from 18.8 per cent to 20.8 per cent, while their share of world trade fell from 20.5 per cent in 1962 to stabilise at around 18 per cent.

(22) Davis (1968), p.35.
(23) UNECOSOC Study by the then IUOTO (1975)

Although tourism to developing countries is modest in comparison with the West, its growth rate is encouraging. Developing countries achieved a fairly rapid growth (15.5 per cent per annum) in tourist arrivals between 1962 and 1973, nearly doubling their market share. In terms of receipts, however, their progress was nowhere near so marked - a 13 per cent average annual increase but an improvement in market share of only 2 percentage points. (See Table 1.6 below).

Table 1.6 Developing Countries Share in World Trade and Tourism, 1962-1973

	Tourist Arrivals		Tourist Receipts		Trade
Year	No (mn.)	% of world total	Amount ($mn.)	% of world total	% of world total
1962	6.0	7.3	1,468	18.8	20.5
1968	10.3	7.4	2,348	17.0	18.5
1969	13.4	8.7	2,539	16.5	18.1
1970	16.2	9.6	3,389	18.9	17.8
1971	20.1	11.1	3,865	18.5	18.0
1972	26.7	13.5	4,909	20.3	18.0
1973	29.4	13.7	5,737	20.8	18.1

SOURCE: I.U.O.T.O. Report for UNECOSOC 1975.

Developing countries, therefore, lost out to developed countries in terms of earning per tourist over the period. This is partly due to the structure of the developing countries' tourism industry and its marketing.

The trends noted during the period of 1962 - 1973 appear to have continued between 1973-1977. Developing countries' share of tourist arrivals has continued to increase from 13.7 per cent in 1973 to around the 15 per cent mark in 1977, when international tourist arrivals in developing countries were estimated at between 34 and 38 million. However, no growth has been recorded in developing countries' share of international tourists' expenditure. Indeed, according to the 1979 study of Economic Intelligence Unit,[24] a decline appears to have taken place, a 20.8 per cent in 1973 dropping to around 18 per cent in 1977, when developing countries' tourism receipts were between an estimated $9.5 billion and $10 billion (See Table 1.7).

Table 1.7 Growth in Developing Countries' Trade and Tourism, 1973 - 1977

% Change Over Previous Year

Year	Tourist Arrivals	Tourist Receipts	Exports Inc. Opec	Exports Exc. Opec	% of World Trade Inc. Opec	% of World Trade Exc. Opec
1974	0.2	9.8	104.3	46.9	26.9	11.9
1975	6.4	9.4	-6.9	-3.4	24.2	11.3
1976	5.6	20.4	21.1	21.2	25.7	11.9
1977	8.0	18.2	12.8	18.7	25.6	12.5[a]

1977

No. tourists (mn.)	:	34 to 28
% of world total	:	14.2 to 15.8
Tourist receipts ($bn.)	:	9.5 to 10
% of world total	:	17.6 to 18.5

(a) Estimates based on partial data only.

SOURCE: Based on WTO and UN data for basket of 30 Developing Countries. Developing Countries were: Africa: Benin, Egypt, Ghana (replaced by Nigeria in Receipts calculations), Kenya, Morocco, Tunisia, Tanzania, Upper Volta (replaced by Sierra Leone in receipts calculations), Zaire; Americas: Bermuda, Bahamas, Barbados, Brazil, Costa Rica, Haiti, Jamaica, Mexico (excluding border tourism), Puerto Rico, Venezuala; Asia: Bangladesh, Cyprus, Hong Kong, India, South Korea, Philippines, Singapore, Sri Lanka, Thailand, Turkey; Oceania: French Polynesia.

One implication of these trends is that tourists are spending less per trip to developing countries compared to visits to developed countries as a result of lower budget tourists being attracted by cheaper group package tours with the notable exception of Egypt which

(24) Cleverdon (1979), p. 14.

has benefited by attracting high spending tourists from fellow Arab States.

Certainly developing countries' rate of increase in tourism earnings has fallen far below their increase in debt to $190 billion in 1976 and may be as high as $300 billion currently - brought about by the OPEC oil price increases.

Rosenblatt[25] points out that because "per capita income in the countries that border upon them tends to be low, and the main tourist generating countries are distant from them, most developing countries are not in a good position for setting up a major tourist industry in the future". The balance of evidence, however, suggests that developing countries will at least hold their current shares of world tourism.

1.9 Tourism as a Factor of Economic Development

The flow of tourists has clearly been accompanied by a flow of money. It has brought income and employment to many countries and regions where other resources are scarce and where the prospects for increased employment in agriculture or industry are poor. Tourism not only provides foreign currency earnings and thus contributes to the balance of payments, but it may also provide improved amenities for the local population through the development of transportation, hotels, restaurants, shops and stores to serve the tourists. Furthermore, tourism may provide an infrastructure which forms a base for the development of a more diversified economy and for the growth of other industries.

Although some of the developed countries of the world such as France, or the United Kingdom, receive considerable financial benefit from tourism, the flow of tourist money to the developing countries has clearly a much greater impact on their economies and a further expansion of tourism in these countries is desirable.

In 1966 the O.E.C.D. held a conference at Estoril, Portugal, on tourism development and economic growth, in order to initiate the idea of using tourism as a strategy for economic development especially for

(25) Rosenblatt (1974)

countries in the "take-off" stage of economic development. For such countries, tourism development offers a major opportunity and presents a considerable challenge.(26)

In any analysis of tourism's impact on an economy and hence its role as an element in the process of economic growth, it is important to note that the effect of tourism makes itself felt in two ways:

(1) Through effects emanating from the original investment;

(2) Through repercussions throughout the economy once the original investment is completed and operative.

They both involve direct and induced effects throughout the economy. McIntosh(27) states that tourism's economic effects can be classified as the following; the usual way of measuring these effects are given in brackets afterwards:

<u>Major direct effects</u>

- Production (the capital/output ratio)
- Employment (the capital/employment ratio)
- Balance of payments (the effect of tourism investments on imports and exports)

<u>Major induced (or indirect) effects</u>

Income (the multiplier)

Investment (input-output analysis)

The original and subsequent effects of an investment in tourism can be shown to act on four main sectors of the economy as follows:

- Domestic industry (goods and services)
- Households (income)
- Government (taxation)
- Imports (goods and services)

It can be shown that an investment in the tourism sector will make its effect on the economy through:

- The goods and services it requires from the business sector (including the extra investment required to produce this output);
- The extra imports it induces;

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(26) OECD (1967), pp. 7 - 8.
(27) McIntosh (1972)

- The extra income it generates (both in the household and business sectors particularly the building and allied trades).

Once the unit of investment is put into operation it has repercussions on the economy because of:

- Its export earnings;
- Its earning from domestic tourists;
- Its consumption of goods and services from the business sector;
- The income of the labour force it employs.

International tourism is therefore accepted by many governments as an attractive means of economic development for a variety of reasons, including the following:

(i) It can aid economic development by earning foreign exchange and reducing balance of payments difficulties. It is a sector which is subject to few trading restrictions unlike many commodities/ products exported.

(ii) It is a growth sector with relatively high prices and income elasticities of demand, unlike most primary products.

(iii) It represents a means of raising the level of employment.

(iv) It can be an important agent in diversifying the structure of the host country's economy, particularly in the case of those which are dependent on one or two primary products.

(v) It can balance out the regional disparity in income and employment since areas suitable for tourism development are often situated far from the main centres of economic activity.

(vi) Higher levels of intermediate demand may result from tourist expenditure both from the provision of accommodation and other services within the host country and, at a step removed, from the locally supplied inputs required by hotels, food producers, etc.

(vii) It provided taxation revenue for governments.

(viii) It can serve to promote a better image abroad which, in time, may lead to increased foreign investment where allowed.

Undoubtedly, tourism can help to produce a situation favourable to economic development by generating new investments, foreign exchange, capital accumulation, employment and industrialisation. Although there is considerable literature in this field, the results produced are normally incomplete or otherwise unsatisfactory and frequently conflict owing to data limitation and the different social and economic structures of the countries. It is clearly not easy to compare countries directly as there has been a swing away from viewing tourism favourably. Taking the more successful developing countries as norms, some of the research and literature on other developing countries have indicated a lower than anticipated return from the economic benefits claimed for tourism and a call to reduce the ownership/control enjoyed by foreign enterprises of the host country tourism product.

Earlier figures indicate an imporatant movement of people among countries all over the world - a situation whose economic importance is uncontested but very difficult to assess fully. Lundberg[(28)] asserts that "tourism which affects the economy of a destination area can not be questioned; however, the extent of this effect, its implications and repercussions are debatable. Much of the research in tourism is concerned with the economic impact made by tourism on a state, nation, island or community. Since there are countervailing forces at play within an economy, the costs and benefits accruing from tourism are not immediately quantifiable". Furthermore, lack of available data or the cost of obtaining such data, together with unclarified statistical and econometric techniques, make a cost-benefit analysis open to severe criticism.

Tourist movements have significant social, cultural and economic impacts on both tourist generating and tourist receiving countries.

Planning and organising the right format for tourism development in a country includes the ability to perceive the role of tourism in the overall national economic development plan as an intigrated vertical and horizontal system within the national economy. Only in this way is it possible to attain the national objectives for effective tourism development.

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(28) Lundberg (1972), p. 129.

It is, however, useful to look at the factors affecting the growth of international tourism and, its origin regions before analysing its overall impact on the host nations.

CHAPTER 2

FACTORS AFFECTING THE GROWTH AND ORIGINS OF INTERNATIONAL TOURISM

2.1 Introduction

The growth of international tourism anticipated in the future is expected to be considerable, although there may be fluctuations, as in the past, because of changes in fashion, political unrest, restrictions on foreign exchange allowances and government activities in promotion and development.

As revealed in the first chapter, over the last two decades, international tourist arrivals and receipts recorded an average growth rate substantially larger than most other economic activities. The reasons for this growth are, in the first place, of an economic nature and are to be sought in the rise in income per capita, which has been achieved in the countries which are traditionally the generators of tourism, and which are at the same time, the more industrialised countries (U.S.A., West Germany, France, Japan, Canada, U.K., and Italy). The most recent empirical studies, or the enquiries based on motivational research, have discovered the importance of the strictly economic root of tourism, a phenomenon which continues to become more sensitive to the changes in the real income of potential tourists and also to the variations in the prices of tourist services. Compared to the determining factor of income, one should not forget the complex of other elements which have influenced the growth of tourism.

The post 1960 boom in tourism (domestic as well as international) has been therefore brought about by a combination of increased wealth and awareness among consumers and the advance of technology which has served to reduce the real cost and time of travel.

It is patently obvious that the 13 per cent increase in the level of world trade over the last two decades has served to maintain growth in business tourism. The positive determinants of increased leisure tourism with which this study is primarily concerned, can be however, classified in terms of demand and supply.

2.2 Factors Affecting Demand for Tourism

There is undoubtedly a duality of motivation explaining international tourist demand. As Armstrong[(1)] states: "One set of essentially socio-economic factors explains the propensity of individuals to become international tourists, for example population characteristics, disposable income and leisure time. Another set explains the distribution of these tourists between different destinations and concerns the relative characteristics and appeal of the recipient countries, such as climate, holiday costs, ease of communication with generating countries, etc". Some variables, however, are particularly important in determining the demand for international tourism.

2.2.1 Personal Disposable Income

Larger incomes are possibly the most important source of the increase in demand for foreign travel. Despite the hiccoughs created by the 1973/74 and 1979/80 oil price increases[(2)] and the subsequent world recession, there has been a steady rise during the last two decades in the purchasing power and discretionary incomes of the populace of almost all countries.

The steady growth of real income per head has clearly been a main driving force behind the rapid expansion of tourism demand. This has enabled middle and increasingly, lower income groups to spend part of their income on non-essentials such as leisure travel. The capacity, for example, to buy and run a private car, and to pay for air fares, is obviously a necessary condition for such travel to take place, although it is by no means the only important factor.

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(1) Armstrong (1972)

(2) The economies of the world were so dominated in the 1970's by the effects of two oil crises that the period has been aptly named "The OPEC decade". The effects of the first oil "crisis" of 1973-74 were still being felt in the late 1970's when the second oil price increases occurred. The quadrupling in 1973, and the more than doubling between the end of 1978 and early 1980, represented a shock to the OECD economies equivalent to roughly 2% of GNP on each occasion.

Business travel too, grows as the value of the economic product rises. It suffices to say that the demand for foreign travel is very income elastic, particularly in the major tourist generating countries. There is some evidence that the national income elasticity of demand for foreign travel increases more rapidly after a certain per capita income has been attained.(3) Aggregate demand for foreign travel within a single country is clearly affected by numerous factors, some of which, but not all, are related to national income elasticity. One of the more important is income distribution. Obviously askewed income distribution would tend to limit the proportion of the population with incomes above the level at which demand for foreign travel is financially possible. The income threshold at which expenditure on tourism begins varies from country to country.

Perhaps as important as the level at which tourist expenditure commences is the rate at which it subsequently increases. This income elasticity coefficient has been estimated by the British Foreign and Commonwealth Office to be 1.5 and by I.U.O.T.O. to be 1.88.(4) This means that for each 1 per cent - increase in income, expenditure on travel rises by 1.9 per cent.

Disposable personal incomes have continued to grow in real terms throughout the world, even allowing for inflation in the post-war era. Given continued growth in personal incomes, expenditure on travel is likely to continue at a proportionately faster rate.

Despite fluctuations in particular countries and particular periods, personal income levels throughout the world are expected to increase over the next few years, therefore a greater propensity to foreign travel is predicted. The increase in incomes will mean that a larger variety of people will be in a financial position to take holidays abroad and it is probable that a new range of demands will be brought with it, thus introducing new destinations and encouraging the development of a different tourism product.

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(3) Davis (1968), p. 36.
(4) Foreign and Commonwealth Office (1972), p. 53.

2.2.2 Leisure and Paid Holidays

Holiday-making and tourism are, of course, only a part of the much wider field of leisure. Holiday-making and tourism (whether national or international) can not be indulged in unless one has the leisure or available time for its pursuit. Leisure does not necessarily result in holidaying, although it does tend to promote it. However, increased leisure is a significant factor in the development of tourism and is unlikely to stimulate tourist demand still further.

Prior to the Industrial Revolution the aristocracy had a virtual monopoly of leisure. The agricultural labourer and the town artisan enjoyed breaks on Sundays and certain Holy Days it is true, but prolonged holidays were unknown. The Industrial Revolution changed the nature of the work done and the seasonal variety and leisurely progress of agricultural life was replaced by the relentless monotony of factory routine.

On a weekly basis, the week worked has not shortened substantially in the last two decades and for manual workers in Britain it seems to have stabilised around forty-six hours per week.[5] This includes a reasonable amount of overtime, and is true of manual workers. It may be that in the case of clerical and administrative workers, the week worked more closely approximates to the standard week; however, the general pattern seems to be that people are not prepared to work less hours unless they receive an income which will enable them to spend on their newly acquired leisure time. In a nutshell, leisure is not readily substituted for income. The effect of this seems to be that when the first employment offers a reduction in hours worked, the reduction is used by many to earn more income in a second employment, a practice sometimes called "moonlighting". The desire seems to be to secure a sufficient income so that a relatively short period of leisure can be more intensively enjoyed by increasing the money spent on each hour of leisure rather than by increasing the total amount of leisure.

In the early 20th century a holiday "was taken for granted as a

(5) Burkart and Medlik (1974), p. 280.

luxury which could be enjoyed at a certain level of income but there was no special hardship in going without".[(6)]

Nevertheless, the practice of going away for a week's holiday gradually gained ground. As a result of the revolution in industry and the change in the economic system, it became customary for holidays to be negotiated directly between the employer and his work people. On an annual basis the number of people in the industrialised countries who have an entitlement to fourteen days and more annual holidays, is increasing. Since 1950, holiday allowances for employees have steadily increased. In general the normal allowance has increased from two weeks to four weeks. The following table gives some statistics illustrating this point in several European Countries.

Table 2.1 Normal Holiday Allowances for Industrial Employees in Europe, 1960 - 1974
(By country, showing entitlement in days per year)

COUNTRY	1960	1965	1970	1974
Belgium	17	18	18	21-23
Denmark	18	18	18	24
France	18	24	24	24
Germany	12-18	15-18	16-24	20-26
Ireland	12	12	12-18	15-18
Italy	12	12	12-15	18-24
Luxembourg	8-18	8-18	18-24	18-24
Netherlands	12-15	15	15-18	19-21
U.K.	12	12-18	12-18	15-18

SOURCE: E.E.C. "The Development of the Social Situation in the Community - 1974", Bruxelles - Luxembourg, March 1975.

Meanwhile, weekly working hours have become shorter and this has seen the introduction of the five day week. In 1950, it was normal to work on Saturday mornings in factories, offices and schools. By the 1970's most non-services workers in Europe were on an official forty-hour week, excluding overtime, with Saturdays and Sundays normally

(6) J.A.R. (1947), p. 211.

free. Schools had also adapted to a five day week. The opportunities for week-end travel were thus increased. In short, the growing power of the trade unions and the increased commitment of the governments to social legislation eventually led to granting annual holidays with pay. For example, it has been estimated that in the U.K. in 1950 approximately 80 per cent of all industrial workers had one week's paid annual holiday;(7) today it is virtually 100 per cent. Probably something of the order of 75 per cent of all workers now receive two weeks' paid holiday and 50 per cent, three weeks.(8) In spite of considerable progress in the extension of paid holidays since the war, countries like Belgium and the U.K. still lag behind many European countries in this respect. Most already have statutory three week holidays for all workers, and some have even higher minimum levels and most European countries have more public holidays, as shown in Table 2.2.

Table 2.2 Comparison of National Annual Paid and Public Holidays in Europe

Country	Minimum annual paid holidays (in days)	Public Holidays	Total
France	24	9	33
Belgium	18	10	28
Netherlands	18-23	6-7	24-30
Luxembourg	18-24	10	28-34
W. Germany	15-24	10-13	25-37
Italy	12-20	17	29-37
U.K.	15 (generally)	6	21

SOURCE: H. Robinson, "A geography of Tourism", MacDonald and Evans, 1976, p.21.

Length of paid holidays is important in two ways. First, it influences

(7) British Travel Association (1969)
(8) Burkart and Medlik (1974)

initial entry into the tourist market and second, any increase effects the behaviour of the tourist once in the market. Surveys have shown that the longer the holiday entitlement the more likely that a holiday away from home will be taken. In 1977, for example, in the U.K., 59 per cent of the population took one or more holidays, a fall from the 60-62 per cent a year of the mid 1970's but still higher than in most other European countries, however, only around 13 per cent took holidays abroad, compared with 68 per cent of West Germans and 30 per cent of the Dutch.[9]

The considerable increase that is likely in holiday time in the future cannot fail to react on tourism. Already, partly as a result of increased leisure, there has been a rapid expansion in the taking of second holidays, as well as in day and weekend excursions and in the growth of second homes. The past decade has seen a big growth in these "multiple holidays".

2.2.3 Demographic Considerations

Whilst the standard of living, mainly consists of disposable income, leisure time and paid holidays may be considered as the most significant single determinant of tourism, but available evidence suggests that participation in tourism is affected by a number of demographic and socio-economic factors. The growth of populations, household size and structure, and, increasing urbanisation of population are all factors of importance affecting the demand for tourism.

In the developed countries, using the United States as an example, 45 per cent of the nation's personal income is earned by people in the age bracket of 25 to 44, which constitutes a group with a high mobility lifestyle and this group is expected to double in the next decade.[10]

As most international tourism takes place in Europe, it is suggested that a closer look at the demographic developments of O.E.C.D. countries will prove to be most useful. The starting point in

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(9) "International Tourism Quarterly", No 4, Special Article No. 30, EIU, 1978, pp. 51 - 52.

(10) Travel Weekly (1978), p. 35.

considering the future of tourism is the size and structure of the populations of countries with a propensity to tourism.

The population of O.E.C.D. countries in 1975 was 770 million and is projected to increase by 85 million over the fifteen years to 1990. This compares with an increase of 110 million in the fifteen years 1960 to 1975. The overall situation is one of distinctly slower growth. From 1950 to 1960, population grew annually by 1.3 per cent, by 1.5 per cent from 1960 to 1970, 0.9 per cent from 1970 to 1975, and for 1975 to 1990, a growth rate of 0.7 per cent per year is anticipated.[11]

Most O.E.C.D. countries expect population to increase by 1990, but Austria, Germany, Luxembourg and Switzerland are exceptions. The fastest growth is expected in Canada, Iceland and Turkey. The only cases where growth in 1975 to 1990 is expected to be faster than in 1960 to 1975 are Greece, Iceland and Portugal.

The working age population is expected to grow by almost 67 million from 1975 to 1990, compared with the 79 million increase in the previous fifteen years i.e. a rate of 0.9 per cent per year for O.E.C.D. countries taken together compared with 1.2 per cent per year from 1960 to 1975. Although the general tendency is towards a slowing down, it is not universal and there are nine countries which are expected to show some acceleration over past rates of growth. See Table 2.3.

As the Table reveals, there is a broad trend towards a rise in the proportion of the population of working age (aged 15 to 64) to total population, as is to be expected in a period where population growth slows down. There are only five exceptions to this; Iceland, Japan, Portugal, Spain and Sweden.

During the period 1960 to 1975, there were fourteen countries where the population figure of those of working age grew more slowly than

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(11) O E C D (1979)[a], "Demographic Trends 1950 to 1990", p. 17.

Table 2.3 Percentage Growth in Population and Population of Those of Working Age in The O.E.C.D. Countries, 1960-1990

Country	Population 1960-75	Population of working age (15-64) 1960-75	Population 1975 - 90	Population of working age (15-64) 1975-90
Australia	34.0	39.4	13.4	18.2
Austria	6.7	0.2	0.0	6.9
Belgium	7.1	6.0	2.4	7.2
Canada	27.5	41.7	23.0	27.7
Denmark	10.5	10.1	3.9	5.9
Finland	6.3	15.0	4.4	4.8
France	15.4	16.6	4.6	11.0
Germany	11.2	5.1	(-)5.5	2.2
Greece	8.6	5.5	11.2	14.1
Iceland	23.9	31.6	28.0	25.6
Ireland	10.3	10.0	18.4	24.3
Italy	11.2	7.6	5.9	8.1
Japan	18.5	25.9	14.6	12.5
Luxembourg	14.0	13.6	0.0	0.4
Netherlands	19.0	24.5	3.8	13.7
New Zealand	29.9	36.2	12.7	23.1
Norway	11.8	10.5	2.8	6.9
Portugal	3.8	2.6	17.6	16.6
Spain	17.6	13.9	15.5	14.4
Sweden	9.5	6.8	2.0	0.7
Switzerland	17.0	14.9	(-) 70.3	3.1
Turkey	45.1	45.1	39.4	51.9
U.K.	6.6	2.7	0.9	4.9
U.S.A.	18.2	27.4	14.0	15.3
Yugoslavia	15.5	20.3	12.9	15.3
TOTAL (a)	16.7	19.1	11.1	13.7

(a) Equivalent to a weighted average

SOURCE: O.E.C.D., Paris, 1979.

the total population. The rise in the proportion of the population of working age means that the dependency ratio (the ratio of non-working to working population), will fall favouring economic growth thus brightening the horizons for international travel and tourism.

2.2.3.1 Household Size and Structure

The growth of population leads naturally to a growth in travel demand. An important factor, however, is the way the population is divided into households, because the availability of a car (which is an important means of transport between European countries) usually depends on there being one in the household, and the members of the household often travel together, especially on long distances.

The average size of household in the O.E.C.D. areas has been steadily declining in all countries of the area being studied, from an overall figure of 3.28 persons in 1960 to 3.09 persons in 1970.(12) The declining size of the household is not due simply to a falling proportion of children or a rising proportion of old people in the household, but it is also due to changing patterns of social behaviour. Young people are leaving home earlier and forming their own bachelor households.

On the other hand, the age of marriage has been steadily falling and although it is impossible to predict the changes in attitude to family size, it is clear that the control of the incidence of child births and of family size are within the grasp of each family. Absolute declines in the child population are projected for eighteen countries. This fall may make it possible to encourage couples to travel frequently and take more holidays at home and abroad.

Old people are tending more and more to live separately from their families. There are more broken homes than in previous years and all these trends may be associated with rising incomes; there is indeed a marked inverse correlation between average household size per country and G.N.P. per head.

(12) Prognos (1973), and it is estimated by O.E.C.D. to decline 2.86 persons in 1985 and 2.72 in 2000.

Hence the falling size of household reflects at least in part, changes in household which have an important bearing on travel behaviour. It is known that people of small households, having no children, tend to travel and take more holidays than do people in larger households, giving the same household income.

The distribution of households in terms of size has changed between 1960 and 1970 and this is shown in the following table, Table 2.4.

Table 2.4 Distribution of Households, 1960 - 1970

Size of Households	1960	1970	Growth%
1	13,116	18,881	44
2	23,015	27,287	19
3	20,074	22,204	11
4	17,233	18,801	9
5 +	19,154	19,349	1

SOURCE: "Euro-report 1974"

The growth of 44 per cent in single-person households, and 19 per cent in two-person households, is important since these are the types of households (even allowing for the many old people in such households) that presumably tend to travel a lot. Assuming that the changing structure of households has developed in the same direction since 1970, this may be counted as one of the causes of growing demand for tourism during the last two decades.

2.2.3.2 Urbanisation

Another important aspect of the changing pattern of population is its concentration in urban areas. The most promising explanation of variations in tourism propensities between countries with similar living standards lies in the degree of urbanisation of the countries concerned; this may account, for example, for the significant difference in holiday propensities of the French and of the Germans on the one hand and of the British on the other hand.

People living in urban areas are subject to greater social tensions and pressures than their rural counterparts. The statistics show a strong trend towards greater urbanisation except in the United Kingdom and Austria.

Table 2.5 Degree of Urbanisation in O.E.C.D. Countries, 1950-1970

	Percentage of population in urban areas of over 100,000 persons		
Country	1950	1960	1970
Austria	38	38	37
Belgium	29	28	29
Denmark	33	34	39
France	26	31	39
Germany	48	50	52
Greece	22	27	34
Ireland	25	27	31
Italy	20	24	29
Luxembourg	-	-	-
Netherlands	36	38	46
Portugal	22	23	27
Spain	24	28	31
Switzerland	25	29	32
Turkey in Europe	50	55	65
U.K.	67	67	67
Yugoslavia	12	15	19
TOTAL STUDY AREA	37	39	42

SOURCE: O.E.C.D. "The Future of European Passenger Transport" O.E.C.D., Paris, 1977, p. 38.

As can be seen from Table 2.5, the urban percentage in the study area rose from 37 per cent in 1950 to 42 per cent in 1970. This increasing urbanisation of the post-war period has highlighted the need for leisure activities and rest in a different environment. Hence the growing urbanisation of the population leads to a higher demand for domestic and international tourism.

2.2.4 Awareness and Attitudes

Greater awareness of and interest in, foreign countries has been generated by higher education and the mass media. The marked trend throughout the world for more people to have the advantage of higher education is a significant factor in tourist development. Broadly speaking, the better educated members of the population have a higher propensity to travel; moreover, those with a better education travel more often. The Vacation Travel Attitude Survey[13] showed that the college graduate in the U.S.A. was very interested in trips to Europe which included sightseeing - particularly to England and France - and that he concentrated on places of historic interest. He showed little interest in spending his vacation at an American resort hotel, which was much more popular with the non-graduate. The effect of education in the U.K can be clearly seen by the fact that in the 1960's only 47 per cent of those leaving school at the minimum age took an annual holiday, whereas 70 per cent of graduates did so.[14] Many more travel surveys in recent years have pointed out the relationship between educational standards and the desire to travel. This in turn, has lead to new attitudes towards leisure travel. In the eighteenth and nineteenth centuries, tourism was the prerequisite of the rich and well-educated. It was thought at that time that no education was complete without the "grand tour".

Once considered a luxury, an annual holiday is now viewed as a necessity and part of the consumption pattern of all but the most underprivileged social groups. Evidence of this is provided by a W.T.O. survey which sought to ascertain the proportion of the population who would be prepared to forego or cut down on various products/services as shown in Table 2.6.

Furthermore, the communications and information environment has been dominated by the mass media whose role must be raised in a discussion of determinants but, is difficult to quantify. Newspapers, magazines, films, radio and television, play a major role in the marketing of

(13) Travel Research International Inc. (1967), fig 6.
(14) BTA (1967), p. 27.

most consumer products. In the 1960's they began to play an important role in influencing the use of leisure through the dissemination of information about leisure activities, including travel and holidays.

Table 2.6 Proportion of Population willing to forego/cut down on Various Products and Services

Item	% of sample willing to forego/cut down
Holidays	6
Comfort	9
Food	14
Other recreational activities	16
Car travel	27
Clothing	28

SOURCE: W.T.O., Madrid, 1978.

2.3 Factors Affecting the Supply of Tourism

In the foregoing sections of this chapter a great deal of stress has been laid on the factors affecting demand for tourism. There can be little doubt that these factors are of primary importance in explaining the development of international tourism. There are, however, a number of other factors on the supply side which have considerable importance in determining the rate of growth and the pattern of distribution of tourist flows.

2.3.1 Mobility Increased by Car-Ownership

In Europe, despite the fuel price increases, road transport remains the most frequently used mode, to a great extent reflecting movements between countries in that region. The car is the dominant mode of transport for both business and personal travel, and the availability of a car is a powerful incentive in encouraging journeys which might otherwise not be made. The general level of car ownership has, therefore, had considerable effects on the size and type of tourist flows.

A household acquires a car in the first place for non-tourist uses; for taking the children to school, to get to and from work and so on. The need or desire to own a private car is thus related to a family's life-cycle stage and therefore to the family income. Car-ownership is evidently related to income, and is most attractive to family when their young children are relatively difficult to move around. The combination of these factors enables one to see the influence of the car on patterns of tourist demand for transport, for few people buy a car primarily for leisure or holiday purposes. They will instead, have purchased a car for general household purposes, and the fact that they own a car will be a significant factor in determining their choice of holiday and the means of transport to use.

The greater supply of mass produced motor cars has combined with rising incomes to increase substantially the level of car-ownership. The growth reacts with developing tourism demand in a two-way relationship of cause and effect.

There is no need to elaborate on the great expansion of car ownership in Europe since 1950 which is mainly attributable to rising incomes and the falling (real) cost of owning and running a car. Table 2.7 shows the growth in the number of cars owned in European countries between 1950 and 1970.

The number of cars increased by about eleven times and the rate of car-ownership rose from a mere 19 cars per thousand and was still rising. It is the number of car-owning households, rather than the total number of cars, which is of importance, because the possession of a second (or third) car in the household is believed to have little influence on the making of long-distance or international journeys. Nevertheless, the future growth of car ownership is fundamental to our study.

There have been many forecasts predicting car ownership levels in many countries, using a wide variety of methods and assumptions. The forecasts of car ownership made by the O.E.C.D. are shown in the following table (Table 2.8). The total number of cars in the study area is predicted to rise from 60.4 million in 1970 to 142.6 million in the year 2000. (See Table 2.8).

Table 2.7 Car Ownership in the O.E.C.D. Area, 1950 - 1970

Country	Nos. of cars owned (000s)			Car per thousand population		
	1950	1960	1970	1950	1960	1970
Austria	51	381*	1,165	7	54*	157
Belgium	246	753	2,060	29	82	214
Denmark	118	408	1,077	28	89	218
France	1,520	5,444	12,035	36	120	237
Germany	601	4,489	13,963	12	81	230
Greece	n.a.	40*	226	n.a.	5*	26
Ireland	n.a.	125*	354	n.a.	44*	120
Italy	335	1,700	10,171	7	34*	189
Luxembourg	9	35*	91	30	106*	268
Netherlands	139	512	2,509	14	44	192
Portugal	n.a.	152	459	n.a.	18	53
Spain	88	272	2,350	3	8	70
Switzerland	147	536	1,380	31	100	220
Turkey in Europe	n.a.	10*	44	n.a.	4*	14
U.K.	2,316	5,650	11,802	41	107	213
Yugoslavia	7	35	721	0.4	2	35
TOTAL	5,650*	20,542	60,427	19	66	178

*Estimate

SOURCE: O.E.C.D.,"The Future of European Passenger Transport", Paris, 1977, p. 48.

Table 2.8 Projections of Car-Ownership in the O.E.C.D. Area, 1970 - 1985 - 2000 (in millions)

Country	1970	1985	2000
Austria	1,165	2,424	2,755
Belgium	2,060	3,378	4,088
Denmark	1,077	1,722	2,087
France	12,035	19,779	23,960
Germany	13,963	19,899	22,895
Greece	,226	2,206	3,417
Ireland	,354	1,032	1,630
Italy	10,171	18,425	23,305
Luxembourg	,091	,122	,144
Netherlands	2,509	4,723	6,089
Portugal	,459	2,930	3,933
Spain	2,350	10,998	15,260
Switzerland	1,380	2,271	2,746
Turkey	,044	,625	1,590
U.K.	11,802	19,470	23,760
Yugoslavia	,721	2,784	5,120
TOTAL	60,407	112,788	142,725

SOURCE: O.E.C.D., 1977.

Other factors have to be taken into account, but if a family use the car abroad because of its convenience and low cost, because they are at a life-cycle stage where cost and convenience matter, they will not be able to do more than visit nearer destinations.

The British experience as an island is not entirely typical, however; Germany is a country with which it is useful to make a comparison. It has a common frontier with Austria and with Switzerland and France, and thanks to the major road networks, Italy can be easily reached. The bulk of German tourists travel by car to these countries, especially Austria.

As the distance increases so the car passenger yields to the airline passenger. On the other hand, it is a known fact that the private car has facilitated camping and caravaning to a considerable extent. Besides, most world tourism today takes place over public highways by means of the private car. It has been argued that nothing can replace the car, nor or in the foreseeable future as the primary mode of tourist travel.(15)

2.3.2 Reducing the Real Cost of Travel

Costs will always be an important factor generating or retarding tourism and especially holidaying abroad. The two major cost elements in a trip abroad are the transport charges to and expenditures in the destination country. Since transport costs constitute a high proportion of the total cost of a trip, trends in transport are of great significance for long distance travel.

In the decade prior to 1974, modern transport technology, especially in aviation, served significantly to reduce both the cost of, and time required for travel. Surprisingly enough, until very recently the continental holiday was one of the very few things still cheaper than it was twenty years ago. For example, in 1950 a fortnight's holiday in Cyprus travelling by air cost £138 while a similar holiday in 1972 cost just over £100; similarly a fortnight's holiday in Southern Italy at, say Amalfi or Salerno which cost about £80 in 1950, could in 1972 be had for about £10 less.(16)

While listed air fares on scheduled airlines have declined somewhat over the years, major price reductions have been selectively effected by means of special excursions, inclusive tour, and group rates - the so-called "creative" fares. These are designed to reach only that segment of the market, primarily the vacation travellers, which is highly price sensitive while higher fares for non-discretionary travel are maintained.

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(15) About 42 per cent of all registered vehicles that exist in the world today are in the United States and about 25 per cent of all paved highways mileage in the world is in the United States. See The Travel Research Association (1976), p.9.

(16) Robinson (1976), p. 27.

In the last years, the strong cartel system of fare fixing operated by the International Air Transport Association (I.A.T.A.) and the largely protectionist system of route allocation determined by the civil aviation authorities of the countries concerned have started to be broken down.(17) This liberalisation has encouraged more and more non-scheduled services and a greater range of low, special condition fares on certain routes (e.g. North Atlantic).

The U.S. Airline Industry has always made innovations and many of the developments which make life cheaper or more convenient for the air passenger have begun there, and percolated eventually through to the air-travel systems in other parts of the world. Examples include such benefits as "kerb-side, check-in" to avoid congestion: walk-on "no reservations" shuttle systems, such as those introduced by Eastern Airlines between New York and Boston and Washington several years ago and subsequently copied by British Airways.(18)

More recently, the biggest new development has been "de-regulation" - allowing for greater freedom of entry for airlines on domestic routes thereby stimulating competition and resulting in a substantial reduction in fares. This development has been watched with increasing interest in Western Europe, where there has been considerable pressure to emulate it. Deregulation has caused major changes in the transportation sector but it has, however, not done everything its proponents hoped it would.(19)

2.3.3 Facilities, Amenities and Promotion

Tourism facilities do not consist only of accommodation like hotels and boarding houses. They include also recreational and sports facilities of great variety and, of course, all the necessary infrastructure such as transportation and utilities, which enable the tourist to move around during his stay.

The composition of superstructure, mainly accommodation, has undergone

(17) For a useful discussion see Donne (1981), pp 22-27.
(18) Financial Times Survey, Nov. 9, 1979, p. 36.
(19) Waters (1981), pp. 88-91.

considerable changes in the last two decades. New types of accommodation particularly holiday villages suitable for families, apartments, private villas and camping facilities, have proved successful and to some degree are replacing traditional hotels and boarding houses. These changes in the supply of tourism reflect changes in demand, with new, often younger groups entering the international travel market.

By the end of the 1960's, most governments had recognised the importance of tourism as an element in world trade and local and regional governments also began to consider afresh the desirability or otherwise of attracting tourists to their areas. The degree of attention paid to tourism varied with the state of development achieved so far, the older resorts being concerned with modernizing their attractions and areas not yet recognisable as resorts, asking how they might become such. Further, the existence of relatively affluent tourists with leisure time and the money to spend on it, attracted entrepreneurs to develop new facilities and amenities.

These recent and dramatic changes in the supply of international tourism are attributable to the vigorous growth of the demand for inclusive tours and to the emergence of a tour operating industry. The principal feature of the inclusive tour in this context, is that the tourist may buy for a single price, a holiday much cheaper than would be attainable by the holiday maker if he bought the components of his holiday individually, directly or from a retail travel agent. The low price of the package holiday or inclusive tour is made possible by reason of the lower unit costs obtainable both for the air travel and hotel stay, when the tour operator enters into long term contracts for airline seats and hotel beds.

By the simple device of operators making block bookings of hotel beds and airline seats, organising all the transfers to and from the foreign airport and marketing the package in attractive sales brochures, they were able to offer overseas holidays at unheard of prices. The mixture was a huge success and by the mid - sixties scores of tour operators had mushroomed to meet this young and rapidly growing market.[20]

(20) Lancaster (1979), pp. 40-42.

To perform his function of creating holiday packages the tour operator needs considerable financial strength and the large tour operators are frequently owned or backed by large companies or groups with interests in many other industries apart from that of travel. Unlike the travel agent the tour operator is a genuine manufacturer of a new kind of tourist product, but he is also a marketing man.

Tourism promotion may be instrumental in creating and fostering a tradition of travel generally, as well as to particular destinations, and in placing tourism in the range of purchases in which it did not figure before. It is, therefore, less than realistic to overlook the effects which promotional activities of individual operators and of official tourist organisations may have on the growth of tourism.

In short, the development of new tourism facilities and amenities, their promotion in tourist generating markets and the new forms of travel and methods of selling it have combined to boost holiday demand.

It is believed that all of these factors will continue to apply over the coming decade, although the reduction in the real costs of travel may be approaching the limit.

2.4 Factors Handicapping Tourism

There have always been many reasons why some people do not travel. Lansing and Blood[21] in their study put these reasons into five broad categories:

(i) Expense
(ii) Lack of time
(iii) Physical limitations
(iv) Family circumstances
(v) Lack of interest

First, there are financial constraints for every family and holidays have to compete with other demands upon income. Cost would appear

(21) Lansing and Blood (1964), p. 11.

to be a major reason for not participating in national and international holidays. Among the more poorly paid wage-earners there is not enough disposable income to support a holiday away from home.

Secondly, there are some who are inhibited by lack of leisure time. Some people find it very difficult to leave their profession, business or job for even a brief period. Of course there are some individuals in some walks of life who believe they are indispensible and will forego holidays.

Thirdly, physical limitations in the form of illhealth or incapacity may keep people at home. The elderly who are more prone to ailments and infirmity are, of course, especially affected and after the age of seventy, relatively few indulge in extensive travel.

Fourthly, family circumstances are often a limiting factor. Parents with young children find it inconvenient, harassing and expensive to go on holiday. The development of camping and caravanning has been a great boon to parents with family obligations and has greatly facilitated travel, nevertheless figures show that this factor is still a significant barrier to travel.

A fifth factor is lack of interest in travel. This may be due to "unawareness of travel destinations which would bring adequate satisfactions for potential travellers" but mainly, it would seem, it is due to a preference simply to stay at home. This latter condition may be caused by a variety of factors: inertia, dislike of changing routine, dislike of travel etc.

In addition to the above factors, there are certain psychological factors which act as deterrants to travel. It seems clear that some people have reluctance to travel because of fears: of leaving the safety and security of their own homes; of meeting, and mixing with other people; of being in foreign places and not knowing the language; of travel either by air or water; of being taken ill when they are abroad, etc. These fears are often largely responsible for the lack of interest mentioned above. McIntosh[22] writes:

(22) McIntosh (1972), p. 59.

"An individual's home is safe, it is a place he knows thoroughly, and he is not required to maintain a facade there. He can be himself in his own home and no unusual demands are placed on him. On the other hand, the fact that ... home is so well known tends to produce boredom and the need to explore. An individual thus finds that he is possessed of two very strong drives: safety and exploration, and he must discover some means of reducing this conflict".

What is important about all these factors affecting the demand for, and supply of international tourism is that they are becoming increasingly significant. National and personal income levels, paid holiday entitlements and amount of leisure time and standards of education are constantly rising. Awareness and attitudes are rapidly changing and facilities, amenities, mobility and marketing activities developing, and as they do so, the demand for tourism and consequently, the number of tourists increase.

Throughout the history of man, the demand for travel has grown as the time and money for it became available. Over the next decade, there is every indication of time and money becoming more available. Travel has now assumed such a place in our way of life that the mere removal of advertising would not significantly affect the volume of travel - though it might affect its distribution. This must be the answer to those who claim that the present increases in tourist flows are "straws in the wind".

Research in many countries has shown the close and lasting relationship between socio-economic characteristics and the desire to travel, and despite factors which may deter tourism, there are no reasons for believing that this relationship is going to break down in the next decade or so.(23)

2.5 Origin Regions of International Tourism

Although there has been and there will be some fluctuation and uncertainty in those socio-economic conditions which affect the growth

(23) The rate of growth of international tourism over the next decade is forecast at 7.3 per cent between 1980 - 1985 and 6.7 per cent between 1985 - 1990. See Edwards (1979)

and future of tourism, it can be expected that the increase in wealth and leisure time throughout the world will result in greater numbers of tourists in most countries, causing serious impacts on world development and economy.

Previous studies indicate tourist flows are generally from industrialised, cool, urbanised northern countries to the less-developed countries in the warm and sunny south.[(24)] In addition, Europe leads the world as both the origin and destination of tourists: it accounts for about 75 per cent of the total in both categories.

Although approximately 75 per cent of all international tourism was from twelve countries, (U.S.A., W. Germany, France, U.K., Canada, Belgium, Netherlands, Italy, Switzerland, Sweden, Denmark and Austria) a clearer perspective on origin patterns can assist further the general understanding of International Tourism.

It must, however be mentioned that the following analysis of origin regions of International Tourism based largely on the study by Hudman[(25)] in 1976 must be regarded with care as socio-economic and political conditions are constantly changing.

2.5.1 Total Origin - Generated Travel Patterns

In the following table, in 1975, of the countries listed, fourteen generated 75 per cent of all travel with two, West Germany and the United States, accounted for approximately 30 per cent of the total. This may be compared to 1967 data, in which twelve countries accounted for 75 per cent of the total tourism. The increase of two countries, in this category, indicates a growing tourist generation capability throughout the world, which in turn signals broadening of the tourist base. In addition, four of these fourteen countries are in Eastern Europe (Poland, German Dem. Rep., Czechoslovakia, Hungary), indicating an increased emphasis on tourism in many socialist countries. This is in part, accounted for by the low cost of transportation, the inter-accessibility of the east European countries, and the increasing prosperity of these countries.

(24) Matley (1976)
(25) Hudman (1979), pp. 43-49.

Table 2.9 Tourist Generation by Country in 1975

1.	Germany (Fed. Rep.)	42,880,000	29.	Rep. of Ireland	886,730
2.	United States	27,045,470	30.	Jordon	576,415
3.	United Kingdom	17.409,730	31.	Malaysia	562,524
4.	France	16,505,448	32.	Romania	550,000
5.	Poland	11,717,820	33.	Greece	519,070
6.	German Dem.Rep.	11,636,000	34.	Brazil	469,800
7.	Canada	10,759,010	35.	Singapore	369,648
8.	Netherlands	7,871,000	36.	Egypt	358,521
9.	Italy	6,361,980	37.	New Zealand	320,275
10.	Czechoslovakia	5,546,100	38.	Norway	303,120
11.	Portugal	4,481,000	39.	India	284,400
12.	Belgium	4,186,000	40.	Indonesia	276,850
13.	Switzerland	3,752,940	41.	Venezuela	257,245
14.	Hungary	3,705,155	42.	Saudi Arabia	233,679
15.	Japan	3,374,840	43.	Iraq	206,710
16.	Yugoslavia	2,992,320	44.	Luxembourg	194,300
17.	Austria	2,849,154	45.	South Africa	161,890
18.	Spain	2,828,860	46.	Colombia	133,600
19.	Denmark	2,220,300	47.	Iran	132,560
20.	Mexico	2,099,025	48.	Chile	130,880
21.	Australia	2,019,496	49.	Lebanon	129,700
22.	U.S.S.R.	2,007,287	50.	Pakistan	121,770
23.	Turkey	1,877,505	51.	Kuwait	115,766
24.	Sweden	1,501,992	52.	Thailand	99,945
25.	Syria	1,254,450	53.	Peru	91,285
26.	Finland	1,072,129	54.	Philippines	79,138
27.	Bulgaria	1,007,621	55.	Cyprus	4,603
28.	Argentina	954,962			

SOURCE: United Nations, "Statistical Yearbook 1975", New York, 1976, pp. 544-60.

The Western European countries ranking high in Table 2.9 include those countries in which a good geographical position is combined with a

large population - as in Italy, France, Switzerland and the Netherlands- and a comparatively high percentage of leisure time. The only three countries in the top fifteen outside of the European sphere were the wealthy industrial countries of the United States, Canada and Japan. A brief study of regional patterns may be helpful.
In Europe the leaders in tourism are the wealthy, heavily populated countries of West Germany, the United Kingdom and France. The poorest tourist - generating countries in Europe are Luxembourg in Western Europe and Romania of the Socialist countries. Romania had serious economic problems during the 1970's, while Luxembourg is a small country, both in area and population base.

Arab and Middle Eastern tourist generation is led by Syria followed by Jordon both having a growing economy. Kuwait, with its small and isolated population and Lebanon, which has been undergoing civil disturbances, were ranked low among the Arab countries. Mexico, geographically close to the United States, with a growing middle class, and a relatively high standard of living compared to other third world countries, leads the Latin American countries. Argentina, with a large population and proximity to other Latin American countries, ranks second in the Latin American Group, but has less than half the number of tourists that Mexico does. The two lowest ranked countries were Peru and Chile. In 1974 Chile was having political problems, which retarded development of a tourist population. Peru's low standard of living and relatively poor location in relation to population centres of other countries account for its low ranking. Japan is quite naturally a leader in the generation of travellers. Its dramatic economic advances since World War II have created a considerable tourist generation capacity. Malaysia which generated almost one seventh of the number of tourists that Japan did in 1974, was second in Asia. It has easy access to other countries in Southeast Asia. The Philippines, a country with a low standard of living and being out of the way geographically, ranked lowest in Asia, followed closely by Thailand.

2.5.2 <u>The Country Potential Generation Index (CPGI)</u>

The absolute number of tourists that a particular country generates can be of assitance in understnading tourist patterns and impacts. However, further analysis of international travel patterns explaining in greater detail the origin characteristics of such travel would be beneficial. One valuable approach is to assess the capability of a country to generate trips. This is a three-step operation. First, the number of trips originating from a country is divided by the total number of trips taken worldwide. This results in an index indicating the ability of each country to produce travellers. The second step is to divide the population of the country by the population of the world. This ranks each country by relative importance in relation to world population. The third step involves dividing step 1 by step 2, thus creating the country potential generation index.[25] This can be mathematically expressed as follows:

$$CPGI = \frac{\frac{Nc}{Nw}}{\frac{Pc}{Pw}}$$

Nc = number of trips generated by country,
Nw = number of trips generated in the world,
Pc = population of the country,
Pw = population of the world.

An index of 1.000 indicates an average generation capability. Countries with an index greater than one, are generating more tourists than expected by population. Likewise, those countries having an index of less than 1.000 are generating fewer tourists than average. The following table gives the results of this index for the countries selected.

(25) Hudman (1979), p.45.

Table 2.10 Country Potential Generation Index (CPGI)

1.	Germany (Fed Rep)	11.8846	29.	Spain	1.3707
2.	German Dem Rep	11.6976	30.	Norway	1.3000
3.	Switzerland	10.1250	31.	Greece	.9565
4.	Netherlands	9.7142	32.	Turkey	.8181
5.	Canada	8.0172	33.	Malaysia	.8000
6.	Luxembourg	8.0000	34.	Lebanon	.7142
7.	Portugal	7.6000	35.	Mexico	.6293
8.	Denmark	7.3846	36.	Argentina	.6212
9.	Belgium	7.2400	37.	Japan	.578
10.	Austria	6.4736	38.	Saudi Arabia	.4761
11.	Czechoslovakia	6.1282	39.	Romania	.4259
12.	Hungary	5.9259	40.	Venezuela	.3666
13.	Poland	5.6853	41.	Iraq	.2962
14.	Ireland, Rep	5.4285	42.	Chile	.1923
15.	France	5.2043	43.	Egypt	.1595
16.	U.K.	5.0469	44.	U.S.S.R.	.1312
17.	Jordan	4.000	45.	South Africa	.1272
18.	Finland	3.8333	46.	Colombia	.0833
19.	Syria	3.1764	47.	Peru	.0789
20.	Sweden	3.0476	48.	Brazil	.0769
21.	Singapore	3.0000	49.	Iran	.0632
22.	Australia	2.5588	50.	Thailand	.0392
23.	Kuwait	2.5000	51.	Indonesia	.0323
24.	Yugoslavia	2.3454	52.	Philippines	.0000
25.	United States	2.1139	53.	Pakistan	.0129
26.	Italy	1.9097	54.	India	.0077
27.	Bulgaria	1.8695	55.	Cyprus	.0000
28.	New Zealand	1.8571			

SOURCE: U.N., "Statistical Yearbook 1975", New York, 1976, pp. 67-78, 544-560.

As Table 2.10 indicates while West Germany, followed closely by East

Germany, has the greatest country potential generation capability, the small industrialised Western European countries produce more than their share of tourists. Of the ten top ranking countries in this category, six are these small Western European countries. These countries have specialised industrial economic bases, creating the necessary wealth associated with the ability to travel. The smallness of the countries has two effects. It limits, in most cases, the variety and, to some extent, the number of internal tourist attractions. Also, the location and size of each country allow quick access to other countries.

Large countries like France, Italy the U.S.A. and Poland, only because of their size, would naturally have a greater number of potential tourists but drop from their previous high rankings in total number of tourists because of four factors; size, population, relative location and variety of attractions within the country. Poland and Italy, in addition to having a diverse tourist landscape, are not nearly as wealthy as the other countries that dropped in the ranking. Therefore, they have fewer potential tourists than the wealthier industrial countries of the world. Poor access to other countries is an important factor in the lower rankings of the United Kingdom and the United States on the CPGI ratings. With the exception of Mexico to the South and Canada in the North, the United States has poor access to other countries. The size of the United States, in addition to the number of intervening opportunities, makes it less likely that a traveller would go to Mexico or Canada than a traveller in one of the smaller European states would go to a foreign country. The relatively poor location of the United Kingdom (with the channel intervening) acts as a restraint on travel.

Canada remained in the top ten countries for this Index because of its wealthy industrialised urban population and its easy proximity to the United States. A high degree of business linkages between both continents together with the rich and diversified tourist industry of the United States, account for Canada's ranking.

Regionally, the European countries and North America are major exporters of international tourists, and are above average in their capability to generate travellers with the exception of some of the Southern European countries, including Greece, Romania and the Soviet Union. The Soviet Union's large and diverse landscape, relatively inexpensive internal travel, developing economy, and travel restrictions to many parts of the world, tend to inhibit travel outside the Soviet Union.[26] Greece, Romania and Turkey must all have economic growth to increase travel abroad.

Interestingly, three Arab countries are above average in generating tourists: Jordan, Syrai and Kuwait. Their travel patterns are highly regionalised, with Kuwait having a broader more worldly orientation. This can be accounted for by oil related ties with a greater number of countries. Lebanon with its sunny and sandy coasts and strong economic community environment is the principal recipient, not only of visitors from these countries, but also tourists to Arab countries from the rest of the world. The less wealthy countries of Egypt and Iraq were at the bottom of the CPGI among the Arab countries.

All of the Central and South American countries were below average in generating tourists because of low income levels and a rural culture in these countries. However, Argentina's travel patterns were more diverse because of its access to more countries and an historical link with Italy. Brazil dropped in ranking to below the other Latin American countries. A combination of size, population, and lack of economic wealth among the mass of Brazilians accounts for the low ranking.

Asia also had low indices, with only Singapore showing an above average generating capibility, having excellent access and close economic ties with the other southeast Asian countries followed by Malaysia.

It is somewhat surprising to note the position of Japan, which has a low index, particularly in relation to its economic growth and high number of tourists. Two factors may account for this. First, Japan has a large population, therefore the high number of tourists are off-set by a high population base. Second, its relatively isolated location

(26) For a view of International Tourism to and from socialist blocks, see Ismayev (1974), pp. 102-105.

from high tourist attracting countries makes considerable travel necessary. The diversity of tourist attractions in Japan along with the cost of leaving the country, inhibit a high rate of tourist generation.

In general, the Asian region has the lowest generation capability indices. A combination of factors - low income, physical and political isolation, and lack of tourist infrastructure in many of the Asian countries undoubtedly contributes to the low rating.

Little can be said of Africa, other than the North African countries, as little data is given. The only country reported is South Africa, which had a low rank in both the CPGI index and the total tourist generating index due to the physical and political isolation of the country.

2.5.3 Travel Propensity Index (TPI)

A final index will be discussed briefly which takes into account personal wealth as an indication of degree of mobility, i.e. an index which would indicate those countries with a high propensity for travel. If tourism is a function of population and wealth, then by holding those two factors constant some measure of willingness or desire to travel can be established. This index was created by simply dividing the CPGI by the per capita income of the respective countries. Table 2.11 shows the results of this manipulation.

Those countries with the highest propensity for travel are small, with the exception of W. Germany and Turkey, and in close proximity to other countries with highly developed tourist attractions and infrastructure. It is more difficult to account for Turkey's emergence into a high rating.(27)

Jordanians and Syrians have the highest propensity to travel which were chiefly orientated towards Lebanon until recent political problems started.

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(27) Since then, Turkish citizens' travel abroad has been by law restricted to as little as once in three years due to economic constraints and huge balance of payments deficit.

Table 2.11 Potential Ability to Travel Index

1.	Jordan	.0119	24.	Egypt	.0006
2.	Syria	.0101	25.	Italy	.0006
3.	Portugal	.0048	26.	Australia	.0005
4.	Ireland	.0026	27.	Greece	.0005
5.	Germany, Fed.Rep.	.0023	28.	New Zealand	.0005
6.	Netherlands	.0023	29.	Saudi Arabia	.0005
7.	Austria	.0020	30.	Sweden	.0005
8.	Luxembourg	.0018	31.	Chile	.0003
9.	Singapore	.0018	32.	Kuwait	.0003
10.	Turkey	.0018	33.	Norway	.0003
11.	Switzerland	.0017	34.	U.S.	.0003
12.	U.K.	.0017	35.	Colombia	.0002
13.	Belgium	.0016	36.	Indonesia	.0002
14.	Canada	.0016	37.	Peru	.0002
15.	Malaysia	.0016	38.	Venezuela	.0002
16.	Denmark	.0014	39.	Brazil	.0001
17.	France	.0012	40.	Japan	.0001
18.	Finland	.0011	41.	Pakistan	.0001
19.	Iraq	.0009	42.	South Africa	.0001
20.	Lebanon	.0009	43.	Thailand	.0001
21.	Mexico	.0009	44.	Cyprus	.0000
22.	Spain	.0008	45.	India	.0000
23.	Argentina	.0006	46.	Iran	.0000

SOURCE: U.N.,"Statistical Yearbook 1975", New York, 1976, pp67-78, 544-560, 694-699.

The European countries as a region, have a high propensity to travel with the exception of Greece. This is due to the generally high level of affluence, proximity to other countries, a highly organised and excellent tourist infrastructure, a relatively stable political situation and a long history of travel throughout the other countries of Europe.

The low ratings for Scandinavian countries may be accounted for, by the difficulties in obtaining statistics for these countries.

Asia's low rate can again be explained by low income, little leisure time, and political and physical barriers in these countries whereas Japan's reasons remain the same as for the other indices. Regardless of measurement, Europe, followed by the Arab countries remains the most important origin area of tourists.

Tourist receiving countries such as Turkey must concentrate their marketing and promotional efforts on these areas if they are to secure a fair share of the tourist market and to gain a reasonable contribution to their development in the form of economic benefits.

It must nevertheless, be emphasised that securing such a share may have wider socio-economic, cultural and environmental impacts than first realised and problems of dependency on tourism may arise which require careful planning and control of the tourism industry of the country concerned.

CHAPTER 3

THE OVERALL IMPACTS OF INTERNATIONAL TOURISM AND PROBLEMS OF DEPENDENCE

3.1 Introduction

The importance of tourism as a contribution to economic growth is so widely accepted that year by year throughout the world a massive and growing flow of investment continues to pour into its development. In spite of its widespread acceptance as a major growth industy, tourism does not escape without criticism. Indeed, the challenge to the industry is a mounting one, growing continually in its volume and insistence.

For many observers, however, the benefits both economic and social, conferred by tourism are so obvious as to be hardly worthy of deeper examination. They point to, for instance, the Spanish example where tourism could be held to be the stimulus behind a whole economy's expansion in less than two decades, assuming that tourism is capable of ~~similar~~ successes in developing countries all over the world, whatever the nature of their economies or their social structure.

At the other extreme are those who often doubt, with genuine concern, whether tourism produces any economic benefits at all, and who are convinced that it is socially very damaging. This attitude is especially prevalent in the Caribbean where it has been claimed that tourism has exacerbated social tensions, where a relatively low proportion of tourist expenditures has been retained in the island economies, and where it has had, apparently, a detrimental effect on the local wage structures, most notably in the agricultural sector.

In recent years it has become rather common for economists and others to denigrate tourism as an economic development tool. The same problems are identified, although in varying degrees, both in underdeveloped countries and in the lagging areas of advanced countries. Some of the conventional criticisms are:

(i) Very little of the money spent by tourists stays in the local economy.

(ii) Tourism tends to provide mainly seasonal jobs.

(iii) Tourism tends to provide jobs predominantly for females.

(iv) The common method of using multiplier analysis to show the benefits of tourism can be naive and misleading.

(v) Tourism can intensify some socio-cultural and environmental problems.

At this stage in the debate, it should be agreed with those who state that developing countries should not regard tourism as "manna from heaven which can provide a solution to all their foreign exchange settlement difficulties."[1]

Responsible organisations, none more than IUOTO which has for long played a significant role in advancing the status of tourism, have never failed to identify the problems associated with the industry while showing how its intrinsic merits may be harnessed for the benefit of host nations.

The flow of tourists from developed countries to developing countries has the effect of re-distributing income. Most developed countries have "hard" currencies and the transfer helps to alleviate the often chronic foreign exchange "gaps" of developing countries. Tourism can, therefore, be regarded as an export product.

Gray[2] states that the appeal of tourism as a vehicle for economic development lies mainly in the observed fast rate of growth in travel imports by developed nations and in the expectation that increased affluence in these nations will be reflected in even faster rates of growth of travel imports.

Although some commentators and authors appear to regard international tourism as a barely disguised form of economic and cultural imperialism, it is intended in this chapter to examine the various arguments usually advanced both for and against developing the "tourist industry" generally and in developing countries particularly in order that these are taken into consideration in the planning process.

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(1) Erbes (1973), p. 1.
(2) Gray (1970), p. 131.

3.2 Tourism as an Invisible Export

Unlike commodity and other forms of trade, with their tariffs, quotas and other obstructions, international tourism has been characterised by a relaxation of barriers. The wide-spread abolition of visas, the modification or removal of currency restrictions on travel, and improved international relations have made tourism one of the few "exports" from developing countries relatively unhindered by trade restrictions as illustrated by the following argument. Robertson[(3)] has linked the disadvantages of trades as a development catalyst for the raw-material or foodstuff producing, less-developed country to four factors:

(i) The long-run terms of trade turn against raw material and foodstuff producers;
(ii) The export products of these countries are concentrated in one or two products;
(iii) The export markets are unstable and make foreign exchange earnings uncertain;
(iv) The consumption patterns of these countries suggest a continual deterioration in the "balance of trade" that is, they have an unfavourable "backwash effect".

Trade in correct products, however, such as tourism does not involve all these disadvantages and therefore trade in this product can be a catalyst to growth. The export of tourism largely eliminates the problems mentioned above. The nature of the product especially as demanded by the more developed areas - shows it to be income and price elastic. These characteristics negate first, disadvantage. The income elasticity coefficients are high, especially when compared to those for most primary products; and there is little reason to expect this relationship to change. If the tourism income elasticity coefficients remain high and those of primary products low, then with the establishment of a tourism industry a country's terms of trade would become more favourable as tourism came to comprise of a larger relative portion of its exports. The data in the following tables show how tourism receipts changed relative to other export receipts for O.E.C.D member countries during the 1958-1967 period and for the world during 1969-1971. (See Tables 3.1 and 3.2).

(3) Robertson (1968), p.268.

Table 3.1 G.N.P. Exports of Goods and Services and Tourist Receipts in Foreign Currency in O.E.C.D. Countries, 1958-1967 (billion $)

	1958	1967	Total Percentage Increase
EEC Member Countries			
1. G.N.P.	166.7	341.0	+105
2. Exports	32.0	75.4	+136
3. Tourist Receipts	1.527	3.841	+152
European Member Countries			
1. G.N.P.	291.4	573.9	+97
2. Exports	59.5	125.2	+110
3. Tourist Receipts	2.827	7.888	+179
Total O.E.C.D.			
1. G.N.P.	811.7	1,550.2	+91
2. Exports	92.7	196.8	+112
3. Tourist Receipts	4.039	10.835	+168

SOURCE: O.E.C.D., "Tourism in O.E.C.D. Member Countries" O.E.C.D., Paris, July 1969, p. 24.

Table 3.2 Comparison of Performance of International Tourism with Other Items of Trade, 1960 - 1971.

World	1960	1963	1966	1971	% Average Annual Increase 1960-71
Int. Tourism receipts[(a)]	6.8	8.3	12.5	20.9	+10.8
Total exports (fob)[(b)]	128.3	154.3	203.9	346.0	+9.4
Exports of Agricultural products[(b)]	40.0	44.5	52.3	70.0	+5.2
Minerals[(b)]	21.4	25.5	33.7	54.5	+9.0
Manufactures[(b)]	64.0	91.5	114.2	215.0	+11.6

SOURCE: (a) IUOTO, "Economic Review of World Tourism", Paris, 1972.

(b) GATT, "International Trade", 1971.

Since tourism is a differentiated product, the tourist-receiving country will have some degree of monopoly power in establishing prices for the tourist. With this pricing policy and with the product not subject to any "world market price", fewer conditions are established for a terms-of-trade problem.

Robertson's second criticism also is not applicable. The export of tourism complements other export products of the "foreign sector". The consequent diversity in exports will add stability to export earnings. When compared to other exports of the foreign sector - primarily products or manufactures - there are less opportunities for constructing trade barriers. Conceivably certain conceptual types of travel taxes could be assessed on international tourists, but there is little evidence to support the notion that travel taxes, in the amounts known, are as trade-discouraging as present monetary or quantitative restrictions on many traditional export products.

Tourism does not, however, escape a third criticism. It is subject not only to regular seasonal fluctuations but also to irregular swings brought about by changes in world political and economic conditions; changes in consumer tastes; uncertainty of a sector in which there is a dominance of foreign capital.

With respect to the fourth criticism, the export of tourism does not suggest any more unfavourable "backwash" effects on the economy than those created by other exports. In fact, as argued, tourism should create strong backward linkages for domestic production rather than linkages to imports thus reducing the "backwash" effects.(4)

Export of commodities, which is the principle foreign exchange earner for most developing countries, has not provided a revenue growth to match the increase in the imports bill. Import substitution and local manufactures can provide a means of saving or earning foreign exchange but many developing countries run into the problem of limited domestic markets or restricted access to foreign markets.(5)

(4) Bond and Ladman (1972), p.43.

(5) Turkish automotive industry a typical example of this which has been working well under the capacity due to gigantic price increases and lack of foreign exchange to import completely knocked down and spare parts needed.

In this context, tourism's advocates see it as a "prima facie" sector for encouragement by the governments of developing countries. In the international tourism market, demand is growing fast; there are few trade barriers; and most needed foreign exchange is earned more conveniently than from manufactured goods since the customer brings himself to the point of sale at his own expense and takes immediate delivery of the services.

3.3 International Tourism and the Balance of Payments

Many less developed countries experience periodic, sometimes chronic, shortages of foreign exchange which constrain their capacity to purchase goods and services for investment, consequently economic development and, in cases where such countries are not able to call upon adequate sources of outside funding from international organisations and other bodies(6), the foreign exchange earnings from tourism can contribute considerably to the development of other sectors. Conventionally, expenditure in a country by visitors is treated as a credit item (an export) in the travel account of the balance of payments, whilst expenditure abroad by residents of the country is set against this as a debit item (an import) in the same account.(7) Expenditure on international fare payments, however, is included in the transport account of the balance of payments.

Unfortunately, detailed balance of payments information is still both scarce and unreliable in many areas of the world, but data for a few selected developing countries showing tourist receipts as a percentage of exports in 1975, are given in the following table. (Table 3.3).

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(6) The principal sources of finance available to developing countries are (i) inter-government organisations such as the World Bank (ii) multinational companies, including hotel chains, airlines and commercial banks (iii) other national governments and (iv) commercial and semi public domestic bodies, including banks and private companies.

(7) There are some exceptions to this. Full details of the categories included and excluded are given in the I.M.F.(1961), "Balance of Payments Manual" and an interpretation of some of the finer points can be found in UNCTAD (1971), pp. 12-14.

Table 3.3 Tourism Receipts as a Percentage of Exports (fob), 1975

50 - 100	Jordan	75	10 - 24	Austria	24
	Bermuda [a]	67		Kenya	20
	Bahamas [a]	58		Yugoslavia	19
25 - 49	Malta	45		Jamaica	18
	Spain	44		Turkey	14
	Panama	38		Egypt	14
	Mexico	35		Israel	13
	Tunisia	33		Portugal	12
	Morocco	28		Switzerland	12
	Greece	27		Syria	10
	Fiji	27		Cyprus	10
				Thailand	10

SOURCE: (a) B. H. Archer, "Tourism in the Bahamas and Bermuda: two case studies", University of Wales Press, 1977.
Calculated from various data in WTO "Economic Review of World Tourism", Madrid, 1978.

As shown in the first chapter, the overall growth of tourist receipts in developing countries has been rapid, accounting for some $18,200 million of gross foreign exchange receipts from tourism in 1977, compared with $2,300 million in 1968.

It is clear that the growth and significance of such receipts on the balançe of payments differ very widely from one developing country and region to another depending on the relative scale and composition of foreign exchange transactions in individual economies and on the importance and nature of the tourist industry in each. As the table above reveals, for some countries tourism receipts amount to a small fraction of foreign exchange earnings, while for a few, such receipts rank as the first or second most important source. This is more often, but not exclusively, the case of smaller economies where tourism receipts are highly significant in relation to export revenue.

A variety of factors affect the level of receipts, including in particular, the average length of time spent by visitors in each country, the general level of income and spending pattern existing in the visitors' countries of origin, and prices and spending opportunities in the host country. The commercial structure of the tourist industry is also a vital factor, but for individual countries with given resources the most important overall factor is probably the type of market for which it has chosen to cater.

The choice is between a high volume of low-spending tourists (mass or institutionalised tourism), and a lower volume of high-spending tourists. This choice, and the ability to make it, is one of the most important features of tourism planning designed to adopt tourism development to the social, environmental and economic needs of the country. A knowledge of the spending pattern is vitally important to tourism planning for development, since visitors' expenditure is the starting point for the economic impact of international tourism.

3.3.1 Import Content and Leakages

In the context of measures taken to increase a country's receipts from tourism, what is relevant is not the leakages of foreign currency to finance travel abroad by its nationals, but the foreign currency which has to be expended in order to obtain tourists' receipts in the first place. In addition to the foreign exchange resources used to market the country abroad as a tourist destination, materials and capital equipment have to be imported by hotels and other establishments concerned with tourism.

Visitors consume food, drink, and many other goods, some of which cannot be supplied in sufficient quantity or in the required quality from domestic sources. The extent of foreign exchange cost of the tourism sector varies widely between the different types of countries and overtime. The leakages depend on the particular pattern of tourist demand and the host country's ability to produce the capital, intermediate and consumer goods demanded. Furthermore, many of the items which are produced locally may contain materials which were imported at some stage during the process of production. Foreign exchange, therefore, earned from tourism leaks abroad to purchase goods and capital equipment and also as payments to foreign companies and individuals in the forms of management fees, profits, expatriate savings and commissions to tour operators and travel agents. This process is repeated through each successive round of business transactions as the multiplier works its way through the economic system.

There are also a number of complex issues leading to increased leakage. First, the "demonstration effect" results in increased demand from local residents for imported goods; and, secondly, as demand increases, domestic prices rise and local goods become increasingly expensive in relation to their foreign equivalent. This, in turn, results in local businessmen and consumers switching from domestic products to imported substitutes.

The structure of ownership and control in the industry also affects leakages. Hotels operated by the international chains are fitted and furnished normally with standardised equipment "imported from the parent company's central store to the extent that substitutes of similar goods are available locally. This policy produces a foreign exchange leakage which could be avoided.

Transfer pricing can also serve to reduce the net foreign exchange earnings from international tourism. For example, expenditures made by tourists in their home country for goods and services to be supplied in the destination country may not be transferred to the tourist receiving country if the facility to be used is foreign owned or, alternatively, the expenditure may be understated as part of a multinational tax minimising strategy. Further control of foreign exchange movements is made more difficult by the recent spread of credit cards and travellers' cheques since such transactions can easily be made via foreign bank accounts without the necessity of going through local banking channels.

Finally, governments themselves may affect their countries' tourism earnings. In order to attract investors in tourism facilities, governments may grant concessions in the form of exemption from, or rebates of, customs duties and/or profit taxes, subsidies such as low interest loans and the provision of public utility services at less than full cost. Gradual realisation of these leakages has led many authorities and observers to a questioning of tourism's role in economic development. There are two key questions which developing countries need to resolve. First, does investment in tourism produce greater net benefits than if it were to be put into alternative sectors, and secondly, which form of tourism development will produce the greater benefits; mass tourism with low spending patterns or low volume non-institutionalised tourism with high volume receipts? Very few, if any, countries have undertaken such comprehensive research, nor is this an easy task since the interlinkage and induced effects of tourism extend throughout an economy making comparisons difficult with other industries. These difficulties have meant that not all the studies undertaken have been drawn up on the same basis, and care must be taken in comparing the results. This is clearly an area for inclusion in future tourism planning. Where attempts have been made, the results have shown that tourism is an efficient source of foreign exchange. In Kenya, for example, it has been concluded that one unit of resources devoted to tourism earned more than would be saved from two units of resources devoted to a range of import-substitution industries.[(8)] In Yugoslavia also, it has been estimated that for the hotel sector the amount of capital required to provide a unit of net foreign exchange revenue is among the lowest for any sector in the economy.

Estimates of the net effects of tourism on the balance of payments vary from country to country. Import leakages in the Bahamas during 1977 amounted to 72.6 per cent of tourism receipts and in Bermuda the comparable figure was 67.4 per cent.[(9)] In larger economies where a greater proportion of sales can be met from domestic sources, the import content is lower. In Greece, for example, the comparable figure is believed to be about 10 per cent and in Yugoslavia and Mexico the percentage is even lower.[(10)]

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(8) Mitchell (1968)
(9) Archer (1977)[a]
(10) These approximations are given in undated UNCTAD Secretariat Country Studies.

It is significant to note that although the foreign exchange costs of capital investment such as hotels in tourism are higher than for other goods and services, they are also retrievable at a much faster rate than for most other industries since there is a relatively short start-up period involved. It has been estimated that generally even if as much as 40 per cent of gross receipts leak out of the country, less than four years is necessary for recovery of the original outlay.(11)

It should not be overlooked that where import leakages are high - as in Fiji (60 per cent) or in Hawai (45 per cent) - tourism presents a challenge and opportunity for local enterprise and thereby creates additional income and employment.

3.4 Income Effects of International Tourism

Gross foreign exchange earnings from tourism are frequently expressed as a percentage of gross domestic or national product as shown in the table below.

Table 3.4 International Tourism's Contribution to GDP of Selected Developing Countries

Country	Per cent GDP derived from tourism
Small Islands Economies	
Bahamas (1968)	45.0
Trinidad and Tobago (1967)	15.0
Fiji (1970)	3.4
Antigua (1968)	20.2
Continental Nations	
Greece (1968)	2.1
Yugoslavia (1967)	1.7
Israel (1966)	1.7
Kenya (1967)	2.9

SOURCE: EIU, "International Tourism Quarterley", Special Article No.8, 1973, p. 62.

(11) EIU (1973), p.61.

This way of expressing tourism's income effect overstates their contribution. To make valid international comparisons, it is necessary to know at least the value added by tourism in various economies.

International tourism, as an invisible export, is a highly differentiated product which directly affects several sectors of a national economy: tourists spend money on hotels and other forms of accommodation; they patronise local shops, restaurants and entertainment establishments; they buy local handicrafts and souvenirs and they use local transportation and other services. As in the case of other export industries, this flow of revenue generates additional business turnover, household income, employment and government revenue, i.e. a "multiplier" effect is set into motion as the business establishments re-spend the money which they have received from tourists, to purchase capital equipment, to buy services and goods for resale and to pay out wages and salaries, rent, interest, profit and taxes. The secondary recipients both business establishments and individuals themselves, re-spend part of this revenue and further rounds of expenditure occur as the tourist money continues to change hands but with the quantity diminishing as money "leaks" abroad to purchase imports and into bank deposits as savings. This process continues through successive rounds of spending until the multiplier has worked its way through the system.

The magnitude of the impact made on a country by tourist expenditure depends upon the diversity of its economy and, even more significantly, upon the extent to which the tourism sectors are integrated into the national economic system. Consequently, in countries possessing more advanced economies which generally are more self-sufficient and less in need of foreign imports income will tend to have higher multipliers than countries which are less self-contained and need to support their tourist industries by substantial imports.

If the developing countries are to gain the maximum economic benefits from their tourism industries, it would seem essential for them to control very strictly those imported items for tourists' consumption and to keep foreign investment expenditure for the purposes of tourism to a reasonable level, otherwise any benefits accruing from tourism will be cancelled out by the leakages.

The size of the tourism multiplier, in particular, depends upon the degree to which the sectors which service tourists trade with the rest of the economy, i.e. the extent to which these sectors have developed "backward linkages" to the local agricultural, fishing, construction, manufacturing, service and traditional craft industries. In countries where the hotels and large retail shops buy few goods and services from the domestic sectors and in consequence have a high propensity to import, the multiplier effect is relatively smaller than in other areas where these sectors are more closely integrated into the local economy. This point has been illustrated very clearly by the work of Pollard[(12)] and Bryden[(13)] in the West Indies.

3.4.1 Calculation and Use of the Income Multiplier

The calculation of the tourism multiplier, however, is by no means easy and such estimates as have been made in the case of a number of economies (see the following table) show very wide variations. In these particular studies some of the multipliers were too high, as in the cases of the Far East, Pakistan and Ireland, while others were probably much too conservative, as in the cases of small island economies and, Lebanon and Greece. Varying methodologies have produced these widely different results, some of which have been misleading for reasons such that the figures refer to output rather than income multipliers or that the researchers have failed to remove import leakages from income figures.

These misleading and inaccurate reports have done considerable harm in countries where their findings have been used as policy guidelines by unsuspecting governments.

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(12) Pollard (1976), pp. 30-34.
(13) Bryden (1973), pp. 155-165.

Table 3.5 Tourism Income Multipliers for Selected Countries

Country	Tourism Income Multiplier
(1) Pacific and Far East	3.2 - 4.3
(2) Pakistan	3.3
(3) Ireland	2.7 - (1.776 - 1.902)[a]
(4) Turkey	2.3 - 3.2
(5) U.K.	2.95 - (1.683 - 1.784)[b]
(6) Netherlands	2.8
(7) Denmark	2.0 - 2.5
(8) Caribbean	2.3 - (0.58 - 0.88)[c]
(9) Canada	1.60 - 1.75
(10) Greece	1.2 - 1.4
(11) Lebanon	1.2 - 1.4
(12) Hawai	0.9 - 1.3
(13) Dominica	1.195
(14) Bermuda	1.099
(15) The Bahamas	0.782
(16) Cayman Islands	0.650

SOURCES: (1) - Checchi and Co. (1961); (2) - Directorate of Tourism, Pakistan, (1965); (3) - "Study of the Economics of Tourism in Ireland", (1966); (3/a and 5/b) - Richards (1972)[a]; (4) - Diamond (1976); (5)- Richards (1972)[b]; (6)- University of Amsterdam Study quoted in Haughton (1975); (7) - Danish Tourist Board's Working Estimate (1974); Zinder and Associates (1969); (8/c, 13 and 16) - Bryden (1973); (9) - Bureau of Management Consulting (1975); (10) - Suits (1964); (11) - Gorra (1967); (12) - Craig (1963); (14 and 15) - Archer (1977).

It is very unlikely in practice that tourism income multipliers even in the larger developing countries could be as high as 2.5, although transactions multipliers (which measure the value of the business turnover generated per dollar) in excess of 2.5 have been recorded in the case of Turkey.

A study in the Eastern Caribbean produced a multiplier of 2.3 but, as pointed out by Archer[14], this had resulted merely from adding together the nominal values of a number of transactions and failing to allow for import leakages. Bryden's work in the same region for example, produced a much lower tourism income multiplier of 0.88 in Antigua.[15]

The size of the tourism income multiplier and the magnitude of the impact made by tourism on an economy can be increased if the existing linkages between the tourism industry and the rest of the economy are strengthened or if new linkages are created. The scope for introducing such changes, however, is usually far less than might be assumed.

Latest studies indicate that even in the larger developing countries, it is very unlikely that tourism multipliers can be much in excess of 1.5. The comparable values in Western countries like in the U.K. and Canada, for example, lie between 1.7 and 2.0.

The use of multiplier analysis as cost-benefit analysis has, therefore been under criticism because it does not, as many have been led to believe, measure the actual, or potential benefit which the expansion of tourism provides over the longer run. For this reason the multiplier concept should be used very cautiously.

3.5 Employment Created by Tourism

Faced with a high level of unemployment in most developing countries, governments are concerned to establish activities that will provide regular, productive jobs. One of the main arguments advocating the establishment, or expansion of a tourism sector in developing countries is that tourism, as mainly a service sector creates a high level of job opportunities. The sector, it is argued, is labour intensive and the principal types of labour required are semi-skilled and unskilled which are in abundant supply in almost every developing country.

(14) Archer (1979), p. 12.
(15) Bryden (1973)

Tourism provides employment both directly in hotels and other branches of the tourist industry and indirectly, through the multiplier effect, in other sectors like construction, agriculture and fishing, manufacturing sectors etc. From the limited amount of data available it appears that the direct employment generated by tourism ranges from as little as 1 per cent of the economically active population in a country like Mexico where tourism's contribution to national income is relatively small (although amongst the highest for a developing country in absolute terms) to as much as one third of the labour force in small island economies. The amount of secondary employment created by the "employment multiplier", as in the case of income generation, depends upon the structure of the economy and the extent to which the tourism industry is supplied with goods and services from within the country.

Evidence from a number of studies indicates that the volume of secondary employment generated can be as great as or even greater than the direct impacts alone. In Bermuda in 1975, for example, tourism created 7,000 direct jobs in hotels, shops, taxi firms, restaurants, bars, night clubs, etc and, in addition, "the multiplier" effects of tourist spending accounted for a further 14,000 jobs.[(16)] On the other hand, the completion of the 442 bedroom Hilton Hotel in Port of Spain, Trinidad, created directly jobs for over 400 people (equivalent to the employment generated by a medium-sized industrial plant) and also supported an additional 400 permanent posts in other sectors of the economy.[(17)] It should be noted, however, that the majority of this secondary employment, which caters largely for household spending, would persist in the absence of tourist spending though at a much lower real level of remuneration.

A more pertinent question, however, is whether or not tourism is more labour intensive than other sectors of the economy. Labour intensity can be measured in a number of ways, although perhaps the two most meaningful are the amount of employment created per unit of output or per unit of capital invested. Whatever method is used, however, the limited amount of evidence from countries such as

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(16) Archer and Wanhill (1976)
(17) Wall and Maccum (1977)

Turkey, Israel and Yugoslavia suggests that tourism is no more efficient than many other sectors in creating permanent employment and absorbing unemployed workers.

On the other side, however, the tourism industry and in particular the hotel sector does absorb a large amount of semi-skilled and unskilled labour which in developing countries, is drawn largely from the traditional sectors, notably agriculture. Unfortunately the movement of labour from the traditional sectors into the tourism industry has been blamed for causing reductions in output in these sectors. The situation, however, is very complex due to contradicting reports.

Although it is not possible to arrive at definite conclusions, it can be said that the average cost per job created in the tourism sector as a whole, and particularly in hotels mainly serving the international tourist flow, does not appear appreciably lower than in the manufacturing sector as a whole. For example, the capital required to create one hotel job in Puerto Rico[18] was found to be the same as for one job in light industry, while in Kenya it has been estimated that £1,000 of GDP resulting from tourism generates 1.4 jobs compared with 1.2 jobs per £1,000 of GDP in the private sector overall.

3.5.1 Tourism and Regional Development

Whether or not tourism is relatively labour-intensive, it seems to be more effective than other industries in generating employment and income in the less developed, often outlying regions of a country where alternative opportunities for development are limited.

The introduction of tourism activities into such areas can have a most significant effect on the welfare of the residents than the same activities might have on people living in the more developed parts of the same country. It may, therefore, help to redress regional imbalances. In such areas there are many subsistence farmers or fisherman producing principally for their own consumption, selling their excess at the local market. The impact on their household income from involvement in tourism of just one member as a waiter or

(18) Mitchell (1969)

cleaner would be quite substantial. India is an example of a country following a declared policy of investing in tourism in economically backward regions which offer little alternative attraction for industrial investment. It is the same argument which underlines the Bahamian government's plans to "regionalise" the benefits of tourism by encouraging the development of small and medium sized hotels in the largely under-developed Outer Islands of the country. Similarly in Kenya, where the tourism sector was initially based on the attraction of its wildlife and its capital Nairobi, the government has now backed the development of beach resort tourism at a number of previously underdeveloped coastal regions. These policies are not dissimilar in principle to the concept of regional development in Europe and North America and to the efforts made by the various tourist boards in Great Britain to spread the impact of tourism more widely around the U.K. It is believed that this could be the solution to the unemployment problem where the region in question is non-agricultural and non-industrial. An early example of this took place in Spain; the very rapid expansion of tourism in the Balearic Islands during the 1960's has not only provided new employment opportunities for the local population of active age but has also drawn hotel and other labour from the mainland, including the poorer western provinces. It is perhaps an obvious, but none the less important, feature that the impact of job creation is often greater on a local scale, - in areas where there are few raw materials - than at the national level - and it is often the least developed regions which have most appeal and potential for tourists.

In the U.K., for example, tourism is a major activity of West Wales and the South West, according to Thomas,[(19)] and creates four interesting influences. First there is the direct employment of the hotel and catering industry. The second is the extent to which tourism and agriculture have to be viewed together, first as a core of joint supply - holidays on farms, camp sites - and then in terms of the protection of the rural environment which is what the hordes of industrial area, overseas and home visitors wish to see and enjoy. The third is the spin-off into secondary industries catering for tourism including transport and other ancillary services. It is

(19) Thomas (1978)

also very important in terms of entertainment in major cities. Therefore, a new joint supply situation in terms of country parks and opportunities for various outdoor activities has been created for overseas and domestic visitors. It must be stated, however that tourism's impact on regional development is not always as great as argued for. A study in Scotland[20] clearly reveals that mere dependence on tourism is not the solution to depressed rural areas chiefly because it offers employment mainly for females, much of which is seasonal and any income gained from it leaks out of the local economy creating tensions between social groups in the local community. Nevertheless, another study[21] in Scotland argues that there will be no real alternative means of recovery apart from tourism in remote areas, given that other industries be developed alongside tourism, which is valid for many developing countries or underdeveloped regions of any given country.

3.6 Government Revenues and Costs

Governments are financially involved in the tourism sector in a variety of ways, some only partly recognised and rarely analysed in full. As in the case of consumption by residents, some of the income generated by tourists accrues to the government, principally through taxation, e.g. direct taxes on tourists levied generally at airports or accommodation establishments[22] and indirect taxes levied on goods and services consumed by tourists or on profits achieved by the providers of those goods and services. Where tourism bulks large in the formation of the domestic product it tends also to contribute a high share of total tax revenue in which case the tourism sector is apt to be one of the principal sources of development financing. In Bermuda, for example, it has been estimated that in 1977 tourism expenditure of $230 million generated over $48 million of government revenue which is over 20 per cent of tourism expenditure and 56 per cent of all government revenue.[23] Similarly, in Antigua,

(20) Brownrigg and Greig (1976)
(21) Adams (1977)
(22) In Tanzania, there is what is called "hotel levy" (two shillings per bed per night) which goes directly to the Tanzanian Tourist Cooperation and may be said to cover the expenses of running the corporation; Tanzanian Studies No. 3 (1973), p. 5.
(23) Calculated by B. Archer, Government of Bermuda, 1978.

where in 1964 direct government revenues from tourism were over 10 per cent of total receipts from visitors, a later estimate suggested that (including the multiplier effects) tourism supplied as much as 78 per cent of government tax revenue.[24]

These figures are particularly interesting because currency in the hands of the government if used wisely, is one of the essential ingredients for growth. Thus, governments must be in a position to collect any rise in income through taxation, according to the formula, $T = E_f K_t P$,[25] where T = tax revenue, E_f is expenditure by international tourists and K_t is the tourist multiplier (after allowing for the import content of tourists' expenditure); P = the proportion of national income accruing to the government through taxation.

3.6.1 Government Expenditure

Government revenues are not free of current expenditure, including publicity and marketing and the cost of subsidies and of various other services furnished to the tourist sector.

Although simple comparison of current Government revenue from foreign tourism with outlays will often reveal that revenue exceeds expenditure,[26] such a comparison is not a valid one, since there are far more important costs to the public sector which tourism involves. The main categories of expenditure incurred by governments in the tourism sector are:

(i) Development, administration and control, e.g. research, advertising and promotion, training schemes, administrative staff.

(ii) Operation of certain tourism facilities, including airlines, state hotels, parks etc;

(24) The Financial Times, 12 March 1970, Quoting the Zinder report on the East Caribbean. For reservations concerning the multiplier effect on income, including income accruing to the Government see; Levitt and Gulati (1970)

(25) Peters (1969)

(26) See for example, the cost-benefit ratios for a number of countries presented by Clement (1961)

(iii) Infrastructural costs, including public utilities;

(iv) Grants and incentives;

(v) Other costs arising from the indirect effect of expansion in the tourism sector.

In general, the amount which governments spend on developing and running their tourism sectors is a matter for individual assessment taking account of the aims they establish. The same principle applies to direct government operation of specific tourism facilities. If a government identifies a weakness in the development of the tourism sector (for example inadequate trained staff or overseas promotional activity) it may choose to step in; similarly if private sector investment is inhibiting the growth of tourism, the government may elect to fill the gap. Governments also operate facilities which involve the exploitation of the country's nature and culture.

The two cost areas to governments which involve most debate are infrastructural costs and the provision of grants and incentives.

3.6.1.1 Infrastructural Costs

It is not doubtful that the infrastructural costs constitute the heaviest burden on the government. Infrastructural facilities and services include roads, airports, ports, electricity and water supply, sewèrage disposal, communication networks, public health and protection and so on. To be able to cater for tourists from the major generating markets of Western Europe and North America, a tourist receiving developing country needs to provide infrastructural services that are comparable with those of the tourists' country of origin. Yet precisely one of the principal characteristics of developing countries taken as a whole, is their shortage of such infrastructural facilities. Consequently, investment on infrastructure specifically for the tourism sector is much more likely to be needed in developing countries than in developed countries.

The actual importance of infrastructural costs depends mainly on the physical features of the particular country and on the level of development of tourism and other industries. The initial stages of establishing a tourist industry or region usually involve "lumpy" general infrastructure projects, such as roads, airports and other communications facilities. For existing areas it involves major upgrading of other specific infrastructure, particularly water supply and drainage. Whilst it is easy to separate out and cost the latter, a judgment is necessary to estimate the amount of general infrastructure which a country would provide in the absence of an active tourism sector. It is, however, true to note that the poorer the country concerned the greater will be the amount and, hence, the cost directly attributable to tourism. Even for the infrastructure specifically provided for tourism in economic terms it would not be right to apportion the total costs to the tourism sector since the infrastructure is also available to local residents, e.g. improved roads to serve tourism resorts in previously remote areas will benefit local farmers. Tourism will, therefore, have an important impact on domestic transport, particularly movement of food by road. Thus, in developing countries where tourism is typically concentrated in a few areas, freight (usually road freight) generated as a result of tourist consumption has to be taken into consideration in planning road building and road improvement projects.

The U.N. ECOSOC/IUOTO report[27] points out that "There can be no general guide to the share that infrastructural costs should represent, or have represented, in tourism development costs .....it appears that the real cost of developing new tourism regions or complexes away from existing infrastructural facilities is sometimes not fully appreciated". This latter point is borne out by the heavy costs compared with other industries.

3.6.1.2 The Costs of Grants and Incentives

Once the decision has been made in favour of tourism for national economic development, it is necessary to attract the expertise, capital and markets that are needed to foster the industry. For

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(27) UNECOSOC/IUOTO (1975), p.28.

developing countries, this has often meant looking for foreign assistance. In order to attract the desired foreign skills and finance, governments of developing countries, have, in many cases adjusted the investment climate and conditions to attract investment. The main categories of concessions and conditions of financing for tourism development projects may be described as follows.

(i) Tax exemptions/reduction on imported equipment, machinery, materials, etc;

(ii) Reduction in company taxation by means of favourable depreciation allowances on investment or special treatment in relation to excise, sales, income, turnover, profits or property taxes;

(iii) Tax holdings (limited period);

(iv) Guarantee of stabilisation of tax conditions (for up to 20 years);

(v) Grants (up to x per cent of total capital costs);

(vi) Subsidies (guaranteeing minimum level of profit, occupancy, etc);

(vii) Loans at low rates of interest;

(viii) Provision of land freehold at nominal or low cost or at "peppercorn" rents;

(ix) Free and unrestricted repatriation of all or part of invested capital, profits, dividends and interest, subject to tax provisions;

(x) Guarantees against nationalisation or expropriation.

There are many problems inherent in giving incentives or grants but these are no greater than those other sectors, especially manufacturing. In general, investment allowances tend to encourage capital intensive activities, while most developing countries suffer from a surplus of labour. In the tourism sector, this problem is less marked than in manufacturing because there is less scope to replace labour with capital. Commitments to allow duty free or easy import of materials and equipment may act as a barrier in subsequent attempts to establish domestic production facilities for such goods. This must be borne in mind in accord with longer term policies. The phasing of tax concessions is generally difficult as a result of becoming liable to taxation at the end of a tax holiday. Investors may react to the sudden change in profitability by reducing their interest in the project, by withdrawing from it or running it down. Over generous subsidy arrangements may effectively shift much of the risk back on to the government. In the early 1970's in Sicily, for example, the government gave each tour operator $133 for each charter flight on all off-season programmes and a 10 per cent grant for main season programmes. In addition, the operator got 13 per cent of hotel profits if his programme included hotel accommodation.[28] The government could actually have been paying for the privilege of entertaining foreign tourists.

The provision of loans can offset some of the economic benefits expected from the tourism sector. While it is normal for those receiving such credit assistance to provide a substantial part of the investment funds themselves, they do not have to bring funds into the country. Yet one of the reasons for encouraging foreign investment may be a shortage of capital in the country, so granting credit may serve to deprive other sectors of the economy of funds. On the other hand, the lack of such credit assistance could mean that the investment required in the tourism sector is not made.

Concessions can be a valuable tool in helping a country's tourism sector to develop, but there is a danger that the balance of the benefits granted may be swayed excessively in favour of the investor, often foreign. Studies suggest that the impact of such concessions in promoting new investment may have been overestimated since it is not clear when investment is duly forthcoming and what contribution the incentives have made to the investment decisions.

3.7 Other Economic Implications

Tourism development gives rise to a variety of economic conflicts and problems and not least of these relates to land use. The expansion of international tourism in developing countries and its seasonal nature create an increased demand both for imported goods and for local products and production factors e.g. land and labour. Shop

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(28) Young (1973), p.154.

prices rise and the cost of factors of production, particularly land, is likely to be bid up. Tourist development makes demands on space: land must be made available for tourist activities.

Fortunately tourism, as argued, tends to avoid central places and makes much use of peripheral regions;[29] but frequently tourism needs clash with the demands of agriculture. In Provence, Southern France for example, inland villages have been transformed into tourist centres, market gardening and the cultivation of flowers for the perfume industry have been pushed further inland.[30] This problem is further aggravated by the issue of public access, the provision of such access usually involving yet further demands upon agricultural land and often bringing in its wake, damage to farm property and hazards to farm stock. Opening up more tourist regions calls for increased land and amenities which conflicts with the local population whose reconciliation is not easy and would justify further research.

Another important aspect is price inflation. As Peters[31] pointed out: "If a country with much urban development and considerable speculative appeal for outside capital, such as Lebanon, needed land for tourism development purposes, there could be inflation in land prices. The development of comprehensive projects will require land currently being used for other purposes... and.. inflated prices could threaten the viability of many projects". In San Agustin in the Canaries, for example, an area of land of 736 sqm, rose over 17 times in value, from £1,512 in 1963 to £27,000 in 1971, to the extent that the resident population is adversely affected by the resultant inflation.[32] This can be considered an additional cost of tourism development. Some governments are wary, however, and do take precautionary measures. For example, the French Government in planning its Languedoc-Roussillon Project secretly bought up land along the coast before it publicised the scheme to prevent speculators from moving in and causing inflation in land values. Tunisian and Mexican governments have taken similar action to control tourism development.

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(29) Christaller (1964), pp. 95-105.
(30) Thompson (1971), p.319.
(31) Peters (1969), p.245.
(32) Young (1973), p.150.

Finally the seasonal nature of tourism means that land and many facilities are intensively used for only a restricted part of the year. Clearly, this is a wasteful use of resources and efforts must be made to introduce alternative or supplementary activities which can absorb the work force during the off-season.

It must be recognised that certain industries are incompatible with tourism, for instance, heavy industries or industries emitting dust, fumes, or noise, apart from small-scale manufacturing, which is unobtrusive and can be discreetly hidden and successfully introduced because reliance upon a single industry anywhere is an inherent economic weakness. A measure of diversification must therefore be introduced into economies to safeguard their prosperity.

3.8 Socio-cultural Impacts

Although for a long time acknowledgement has been given to the social benefits of tourism without much consideration for the "social costs" involved, interest in the sociology of tourism is comparatively recent appearing in the mid 1960's and early 1970's. It is now widely recognised that tourism development brings about many of the same characteristics of socio-cultural change as the various forms of industrial development and sophisticated communications methods.

In general, international travel experiences can have a profound effect upon the life of an individual traveller as well as upon a society. While the tourist is influenced by the contrast in culture observed in foreign countries, the presence of visitors in a country also affects the living patterns of the people who live there. However, not all these group interactions are mutually wholesome or desirable. Resentment by local people toward the tourist can be generated by the apparent difference in economic circumstances, behaviour patterns, appearance etc., principally in areas where there is an actual conflict of interest.

Tourism advocates do not accept the diagnosis that tourism breaks down social and cultural differences, believing instead that individual cultures can withstand increasing exposure to each other.

This attitude is reflected in some individual and organisational observations that "international tourism has undoubtedly contributed to widening people's interests generally in world affairs and to a new understanding of foreigners and foreign tastes".(33) Supportingly, the WTO (IUOTO) sees tourism as a means of contributing to "international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedom for all without distinction as to race, sex, language or religion".(34)

The opposing viewpoint is that tourism is responsible not only for creating a uniform society but also for all sorts of social and cultural (as well as economic) problems, as the final channel of "cultural imperialism".(35) Such a wide disparity in the views of tourism's impact on a given society makes it impossible to draw any conclusion, but identifying a number of possible issues may be useful in the strategies and further research.

Cohen,(36) as a sociologist, however, draws attention to the fact that the developing countries, which most eagerly seek the economic advantages of tourism are also the most vulnerable to the disruptions that will likely follow the rapid expansion of a tourist industry. He predicts that mass tourism in developing countries, if not properly controlled and regulated, will tend to destroy whatever is still left of traditional ways of life.

3.8.1 Residents' Reaction to Tourists

When the tourist of differing race, nationality and background comes into contact with host people, cultural exchange may occur. The degree of this contact depends on whether the tourist is institutionalised or not. The drifter and the explorer of non-institutionalised tourists are likely to look for and appreciate the life style of the countries they visit and actively to seek to mix with the local population. On the other hand, owing to the nature of the travel pattern, the institutionalised tourist has little or no contact with the local people. For the latter, the host increasingly sees the tourist "stereotype" and "conspicuous spenders" and may seek to take maximum

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(33) Peters (1969), pp.11-12.
(34) Extract from the "fundamental aim" of the WTO.
(35) For details see Harrison (1980), p.58.
(36) Cohen (1972), pp.164-182.

economic advantage of tourists because the income gap between tourist and resident, particularly in developing countries, is exaggerated. Consequently, the tourist becomes aware of the situation and may withdraw his demand for services. The tourist in this sense becomes the focus of resentment against impersonal forces. Varley's research in Fiji(37) warns and advises as to how these should be dealt with.

The valuations of tourism held by residents of receiving countries change over time and generally take four stages according to Doxey(38): euphoria, apathy, annoyance, and antagonism. At the last stage irritation is caused by:

(i) Fear that hosts are being treated as second class to tourists;
(ii) Fear of threat to local values and culture;
(iii) Loss of access to facilities (crowded transportation, private beaches etc);
(iv) Dislike of tourists' dress (particularly that of women) and behaviour;

Despite these theories, it is far from clear when and what circumstances bring about this situation as there are examples where such irritation has not occurred and tourism has blended well with a mixed economy, as in Puerto Rico, Jamaica, Greece and Bali. The Balinese, for example, have accommodated tourism (including institutionalised variety too) into their way of life and culture without such problems.

3.8.2 Direct Impacts

Papers and most other writings on the subject suggest that tourism's most serious effect on socio-cultural values is in the area of commercialising relations. "Commercialisation" is, therefore, a basic change which, if not brought about entirely by tourism development, is at least accelerated by it. Where tourists are still rare, they will most probably, be given the traditional reception; but where there are hordes of tourists the situation is presumably different. Tourists may be seen as "cashing in" on traditional attitudes of hospitality, which in the host society were firmly embedded in patterns of

(37) Varley (1978)
(38) Doxey (1975)

reciprocal behaviour. As Peterson[39] writes about Hawaii, tourists effectively convert such a system of social exchange into unwilling altruism, by stepping "into and out of the Hawaiian community without fulfilling expected obligations". If this does not create irritation and resentment, it brings about commercialisation, and in this respect Bouhdiba's description of Tunisia (a Mediterranean country with an age old-tradition of hospitality) is very much to the point.[40]

> "The tourist is not only a transient, but, above all, he is a client. There is a contact on both sides for a package of services which must be provided in the best way possible. A certain reserve is felt to be good manners. What would once have been regarded as unpardonable coldness, unworthy of the Tunisian character and tradition, becomes a necessity..... Hospitality has become just another technique of selling a set of standardised goods and services for the best price".

If some people are prepared to pay for goods and services and other people can provide them, a market and commercial relations will inevitably develop. Tourism, therefore in this respect, produces changes that are no different from other forms of "modernisation". Tourism can therefore reinforce or accelerate the process of social change which may already be at work in a society. For example, Thurot[41] notes that "tourism offers women compensation work, (cleaning, washing etc.) traditionally considered to have no economic value. In agricultural communities of both developed and Third World countries, this results in an upgrading of the economic role of women which may be the prelude to eventual emancipation or, in any event, the beginning of female economic independence as regards small expenditures (clothes, jewellery, etc.) which in return may prove to be amazingly frustrating to the male ego and cause an increase in stomach ulcers.[42]

Allied to such social effects of tourism are those related to moral

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(39) Peterson (1977), p.66.
(40) Bouhdiba (1976)
(41) Thurot (1975)
(42) Jafari (1973)

and religious questions. It has at times been said that prostitution flourishes in tourism resorts;[43] girls seek contacts with tourists for various reasons, ranging from as little as hoping to be bought a drink to the hope of marriage.[44] Local young men make themselves available to women tourists (at a price to the older ones) and to a lesser extent, to tourist homosexuals.[45] In Bermuda a government commission of enquiry observed in 1951 that the high rates of illegitimacy were "attributable to the holiday atmosphere generated by large scale tourism".

Although the impression is that tourism merely confirmed patterns and values already present in the culture, yet once again, the contrast between small-scale, gradual tourism promotion and mass tourism development is worth noting.

In some countries, there has been grave concern about the holidaymakers, because the vast majority of the population are muslims and there can be special problems trying to integrate tourists who have very different attitudes to such things as dress or alcohol. In Gambia, for example, Swedish holidaymakers scandalised the muslim fanatics whose penal code based on the "Koran", forbids nudity and alcohol. The Gambian men and women have found it easier to follow the lead of the Scandinavians than to go to school and learn a profession. The pollution is so profound that the Gambian Government has sought expert help on the problem from the U.N. A recent photographic exhibition[46] revealed the interaction between tourists and the Gambians. For the former it is merely a pleasant interlude whereas for the latter it is a threat to the stability of their social system.

Tourism is seen by some commentators as representing a form of neo-colonialism, which may depend upon the nature of the tourism and the historical background of the receiving country. For example, Haulot[47] comments that "one finds in Bulgaria as in Spain, Yugoslavia as in Turkey - tourist resorts built with German money,

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(43) Joshi and Sharpston (1973)
(44) Wilson (1975)
(45) Bouhdiba (1976) and, Groupe Huit - French Consulting Firm (undated)
(46) Attended by the researcher, see Lloyd (1979)
(47) Haulot (1974)

run by German managers and over-run by German tourists ... We are witnessing a phenomenon which, in economic, social and political terms, translates itself into a neo-colonialism which is no less bitterly resented for being involuntary and unorganised" The incidence of such resentment may depend upon the nature of the tourism and the historical background of the receiving country.

3.8.3 Demonstration Effects

The changes in behaviour and values referred to in the preceding sections were mainly attributable to the direct interaction of local population and tourists. It is claimed, however, that there exists an indirect impact of tourism caused by merely observing tourists where this results in the tourists' values being transferred and adopted by the host population. The term used to describe this is the "demonstration effect" (acculturation) and its validity rests on the theory that the local population seeks to imitate the consumption patterns and levels of the tourists. The term implies two effects as the comparative examples thereafter reveal:

(i) Impact on the value system and the attitudes of the host population;
(ii) Changes in dress, accommodation demands, eating habits and demand for consumer goods that are induced in host populations by the desire to imitate tourists.

Bouhdiba[48] puts it graphically when he writes that " a beach ball or a beach towel, a lipstick or a pair of sunglasses represent a temptation and an invitation to taste the indiscreet, but as yet forbidden charms of the consumer society". A clearly negative consequence of the demonstration effect, according to a survey cited by Bouhdiba is that the desire to satisfy certain secondary needs taken over from the tourists, has led to "juvenile deliquency" in Tunisia. Greenwood[49] has seen it happen in Spain: "Over time, local people have come to adopt a style of life markedly similar to that of the middle-class tourists they have seen...They mimic the consumption patterns of the tourists, dropping all external signs of their Basque culture". Where the local population is able to realise this pattern of imitation, this may serve to reduce the

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(48) Bouhdiba (1976)
(49) Greenwood (1976)

level of domestic savings and increase imports which, in turn, may result in a lower level of domestic output.

As Wilson[50] tells of the adoption of imported tastes in the Seychelles, in Malta[51] the demonstrative impact of tourist behaviour has perhaps been of greater importance than elsewhere because of the permanent tourists or settlers. They constitute a visible 1 per cent of the population and demonstrate foreign patterns of consumption all the year round. After seeing and visiting the luxurious villas built by the settlers, the Maltese have come to aspire to housing better than their own relatively simple terraced dwellings and have taken over the custom of eating out in restaurants on special occasions.

Expectations and values are changed not only by the presence of tourists but also by the facilities built to receive them. Though there appears to be much excellent local architecture in Tunisia, the hotels ("large tourist cages") designed in a nondescript international beach style, introduce aesthetic values which in fact represent the worst of "modern" culture. According to Groupe Huit "They can be are, in the eyes of the local people who have no other basis for comparison, true symbols of the life-style of the highly industrialised developed countries". However, it is likely that in the early stages of tourism development host peoples particularly young, do seek to imitate the tourists, if only because the tourist is a symbol of financial superiority. Nevertheless, tourists on vocation presumably demonstrate a standard of living that is considerably higher than their average level of consumption during the rest of the year. The image they project of their home society is thus distorted and further magnifies the great gap between their living standards and those of the majority of the host country's population. In this connection, the tourists are not the motivating force but ~~only~~ the channel or medium for transmission of new ideas like other forces, such as radio, television, the press, or commercial advertising, which have usually been identified with demonstration effects or with cultural dependence, and are present alongside the tourists. "The demonstration effect" is thus indirect, achieved through mediation.

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(50) Wilson (1975)
(51) Boissevain and Inglott (1976)

3.8.4 Other Socio-cultural Implications

The other social problems which have often accompanied the growth of tourism are numerous, but the principal ones are as follows;

(i) Social frictions arising from the importation of foreign workers and their families to man the lower paid jobs in the industry, particularly where the foreign workers are of a different race, colour, or creed to the native population; further the problems of accommodating them and their families would be enormous. In the U.K., for example, one seventh of the work-force in hotel and catering were foreign in 1973 and that percentage has been increasing; while the situation looked far worse in Switzerland;[52]

(ii) Jobs created by the tourist industry are generally badly paid with poor working conditions. Two thirds of the work-force in Britain, for example, have to work on Saturdays or Sundays in the Hotel and Catering industry with little or no prospects, and the hours of work are often such as to disrupt normal family life.[53] In addition, the National Hotels Syndicate in Spain had complained that "thousands of hotel workers are finding themselves at nearly minimum salary because of the financial crisis faced by the hoteliers forced to concede very low prices to foreign tourist groups".[54]

(iii) The "confrontation" effect which can result from the better-off traveller giving orders to the less well-off native;

(iv) The resentment of residents having to share "their" services with others or exemption from using particular services. The latter is also dominant in socialist countries. In Russia, for example, there are night clubs where only tourists are admitted, and in Romania special shops exist where only tourists can buy goods at very favourable rates of exchange;

(v) The effect on densities of living in the tourist cities which increased by incoming tourists. As noted by Young, it is one of the more confusing paradoxes of today's society that those countries which are most concerned about the harmful effects of a rising population are exactly those which are busily adding

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(52) Young (1973), p.143.
(53) **Ibid.**
(54) Travel Trade Gazette, 5 November 1971

to their own population mostly by encouraging inward tourism like the U.K. and Italy.

Similar variations apply to the cultural impact of tourism. Hanna[55] for example comments about Bali that "Balinese arts and crafts, though a commercial triumph, are becoming a cultural tradegy. Most of the output is an unvaried line of junk,a deplorable but inevitable waste of Balinese skills on slick commercialised reduplication of designs (sometimes called "airport art") that when few and fresh and made by the originator, were once genuine art".

On the other hand in Malta, under the influence of tourists, "There is a greater awareness and appreciation of things Maltese, not only historical monuments but also arts, crafts, and even locally produced wine". Similarly, the papers[56] to the UNESCO/IBRD Seminar on the Social and Cultural Impacts of Tourism in December 1976, revealed examples of both damaging and beneficial impacts of tourism upon the arts : the mass- production of small carved heads, without artistic merit, on the Ivory coast; the transformation of meaningful religious or community ritual into a performance for outsiders; the impetus towards the revitalisation of dying crafts, such as jewellery and leatherwork in Tunisia or textiles and glass in Malta; the encouragement of performing arts and folklore, such as Creole music in the Seychelles. Thurot[57] points to the role of tourism in helping to salvage cultural values......"the value attached by the foreigner to the evidence of the cultural past, which has become foreign, makes the citizens of the host country aware of the idea of historical and cultural continuity, which can help to enhance their present culture. There are many examples: the earliest is obviously that of Greece in the 19th Century, which witnessed the extraordinary conjunction of national independence, the rise of tourism and the great archaelogical discoveries of Schliemann - all this in a country where popular culture hardly looked any further back than the fall of Byzantium. The most recent case is the resurgence of Indian culture in South America, where there was every reason to believe it was completely extinct". Culture, after all, is about people and patterns of everyday life - not monuments and souvenirs.

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(55) Hanna (1972)
(56) De Kadt (1979)
(57) Thurot (1975)

3.9 The Impact of Tourism on the Physical Environment

The environment, mainly consisting of the natural, scenic, historic and cultural heritage is the "capital" upon which the tourist industry depends, and which it must conserve if it is to have long-term prosperity. The views adopted by various authors on the environmental impact of tourism can be roughly classified into two categories: that which argues that the impact of tourism is altogether beneficial and that which stresses its negative, detrimental impact. However first methodological and comprehensive study appears to be done by Cohen[(58)] who states that "Many countries, and particularly the developing ones, lack the incentive or the economic means to undertake large-scale projects for the conservation of beautiful scenery or rare and interesting natural environments, or for the preservation of historically important sites, buildings or neighbourhoods. In many developing countries or backward regions of developed nations, the population may crave the benefits of progress, industrialisation and urban life, and have little use for "unspoilt nature" or the remnants of a past which only reminds it of its backwardness.

Tourism, so the argument goes, changes all that-"it encourages the restoration of ancient monuments and archaelogical treasures. It provides reason for the preservation of historical buildings and the creation of museums".[(59)] In recent years some developing countries rather naively, claimed that their major chance for rapid economic progress lies in specialisation in tourism as their major "export" industry without spoiling the environment particularly in the Caribbean and East Africa.

Like other major sectors of human activity, tourism, however can have both positive and negative effects upon the physical environment.

3.9.1 Positive Impacts on the Physical Environment

The positive effects can be direct or indirect and may be summarised under three main headings;

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(58) Cohen (1978), pp.215-237.
(59) Waters (1966), pp.109-118.

(i) Justification and assistance for protection of the scenic, natural and historical heritage;

(ii) Support for environmental improvement;

(iii) Indirect benefits.

3.9.1.1 Protection of the Heritage

An attractive environment is the indispensible basis for tourism. Thus governments of many countries show interest in programmes and call in tourism for the protection of areas of scenic beauty of wildlife species and natural areas of historic and cultural monuments and areas. As noted, there is often little appreciation among a developing country's native population for its natural beauty and historical endowments. Tourism can be instrumental in awakening such appreciation. As has been noted by Makame,[60] the interest and appreciation shown by the foreigners led the natives....."to look more appreciatively than hitherto at the gifts nature has bestowed upon us....it has also turned our attention to our own history".

There are many specific examples of the direct support which tourism can bring to heritage protection. In the Central African Republic, for example, the opening of the Saint-Floris National Park to visitors permitted the effective protection of the wild life, in that "the income from tourism allowed the proper maintenance of the trails and rangers' camps and the very presence and movement of tourists kept poachers and nomadic herdsmen effectively at bay. In 1964, various reasons caused the temporary abandonment of this utilisation of the park....the park deteriorated yearly from the date of closure....(there is thus a need for) concrete management of the national parks, for tourism as well as for conservation purposes, for the funds needed to maintain the network of roads and surveillance camps can only come from wildlife - viewing tourism."[61] Similar measures for the same reason have been taken in Kenya in conjunction with the World Bank.

In a similar way, tourism can inspire or assist the preservation of

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(60) Makame (1968), pp.3-5.
(61) FAO (1976)

the historic heritage. According to Sessa,[62] the cultural heritage that determines the attractiveness of a country to tourists encourages the authorities to protect it, and because of this, the examples of cultural salvage operations stimulated by tourism and sponsored by UNESCO are many. In the same terms as Thurot[63] illustrates, "the development of tourism leads, through the restoration or preservation of monuments, to the maintenance of cultural wealth, which benefits the whole country....The preservation of Matmatas in Tunisia, of the Arab shelters of Djerba, of the impluvium huts of Casamance, of the Caravanserais of Turkey, of the hyperbolic roofs of Polynesia, etc., was due largely to the efforts of foreign architects who were able to find the necessary arguments to influence tourism development planning". These beneficial links between tourism and the protection of the historic heritage are found in both developed and less developed countries. In Europe, for example, "entry fees, voluntary donations, etc., by tourists help considerably towards the upkeep of historic buildings in many countries, from the "stave" churches of Norway and the windmills of Belgium to the Chateaux of France and the temples of Greece...official tourist bodies, or touring organisations, finance the restoration of monuments as a means of encouraging tourism: examples are the restoration of Bunratty Castle in Western Ireland by the Irish Tourist Board, financing of excavations on the Roman Wall by the English Tourist Board, and restoration work on historic buildings by the Touring Club Royale de Belgique and the Touring and Automobile Club of Turkey. The needs of tourists can provide new functions, and hence new life, for historic buildings...... Further, a great variety of old buildings have been converted into youth hostels, for example in Germany and Luxembourg; the parador hotels in Spain; the fishing Museum at Anstruther in Scotland; and many disused buildings in Scandinavia and elsewhere which have taken on new life as second homes".[64]

In a number of developing countries, tourist development projects sponsored by the governments and assisted by UNESCO, the World Bank and other international agencies are financing the preservation and new use of historic buildings, the restoration of monuments and the

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(62) Sessa (1974)
(63) Thurot (1975)
(64) ETC/Europa Nostra (1974)

removal of incongruous structures from the setting of these monuments. Examples include the temples of Macchu Picchu in Peru, the monuments of Jerash and Petra in Jordan, the Phoenician town of Pharselis in Turkey, the historic slave-exodus island of Goree in Senegal, the mission post of Loreto in Western Mexico, the Mayan monuments at Copan in Honduras, the ancient walled city of Cartagena in Columbia, and the historic town of Kyongju in Korea.[65]

3.9.1.2 Environmental Improvement

As temporary residents of an area, tourists need facilities like accommodation, water supply, sewerage, roads and agreeable surroundings. Where these resources already exist to serve the local population, the tourist may simple place further calls upon them; sometimes to the point of congestion and environmental damage. On the other hand, where they do not exist, or only exist to poor standard, the needs of tourists may prompt the raising of environmental standards for tourists and local residents alike.

The developed world is full of examples of healthy and attractive towns and resorts which were first developed or improved for the purposes of tourism. In Britain, for example the sea-side resorts of Eastbourne and Brighton, the spa towns of Bath, Cheltenham and Buxton, have an architectural quality and spacious charm which have made them a recognised part of the country's historical heritage.[66] Similarly, German town planner Stubben created the resort of Zoute on the coast of Belgium, protecting the dunes, creating tree-shaded promenades, securing the separation of wheeled traffic and pedestrians, observing local traditions in the architecture, and installing water supplies and electricity, with results which remain to this day,a model for the area.

These examples from the past are significantly echoed in many of the tourist development projects sponsored by the governments of developing countries and assisted by the World Bank and other international agencies. At Ixtapa for example,on the Pacific coast of Mexico, a project involved not merely the creation of a new tourist

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(65) Information Supplied by the World Bank.
(66) B T A , "Resorts and Spas in Britain", 1975.

resort (complete with international airport) but also the comprehensive environmental improvement of the adjoining town. This improvement included the installation "abinitio", of water supplies and a sewerage system, paved roads and electricity supplies, plus tree-planting, coastal protection and mosquito control, which formed the basis for a marked improvement in local levels of health, sanitation and amenity. Similar programmes of comprehensive planning and improvement - from a starting point of tourist development - are taking place in six tourist destination towns in Tunisia; at Kotu on the coast of Gambia; at La Petite Cote in Senegal; and in the Kyongju province of Korea. The latter project illustrates a further dimension of the link between tourism and the environment; in that the project includes creation of a new reservoir which will not only serve the town and tourist development in Kyongju but will also provide irrigation for nearby farming areas.(67)

3.9.1.3 Indirect Benefits

Beside these direct beneficial effects of tourism upon the protection of the heritage and the improvement of the environment, "it could be claimed that tourism also contributes indirectly to the preservation of the environment since, in so far as a country specialises in tourism as the major sphere of economic development, it will be discouraged from engaging in large scale industrialisation and will hence be exempt from the detrimental impact of heavy industrial development upon its environment".(68)

In many developed countries, governments are giving deliberate encouragement to the development of appropriate tourism in remote areas as a result of environmental protection and regional development policy.

Whether at a national or personal level, the economic returns gained from tourism may be used to serve purposes of environmental improvement, for example the improvement of housing or of water supplies by governments or the maintenance of buildings by individuals.

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(67) Information supplied by the World Bank.
(68) Cohen (1978)

3.9.2 Negative Impacts on the Physical Environment

The counterpart above-mentioned positive effects are the detrimental impacts which tourism can have on the physical environment. These may be summarised as follows:

(i) Excessive and incongruous development;

(ii) Damage to eco-systems, monuments etc;

(iii) Pollution and exhaustion of resources.

3.9.2.1 Excessive and Incongruous Development

The actual movement and accommodation of tourists, often in large numbers is a major cause of transport development and urbanisation. As Cohen[69] comments that "mass tourism necessitates the development of all sorts of facilities transforming the natural attractiveness or innocence into pampered and regulated tourist sights to absorb large numbers of tourists. At worst, major and often irreversible environmental damage will be caused by a rush to build tourist facilities on the most attractive sites, speculative land and building booms and by major inroads into the local ecology through the development of tourist infrastructure and services or through vandalism of visitors...in such cases tourist development...can be self-destructive in that it destroys the very landscape quality which attracts (tourist) developments in the first place".

Although "mass tourist architecture" may be seen as the physical reflection of mass tourism with every sign of enduring as in Waikiki in Honolulu,[70] many voices, including developers, have deplored the insensitivity of such tourist development. "Many people rightly complain that the countless hotels, roads and other facilities provided for the tourists ruin the beauties of the sea coast, disturb the peace of the country, and rob the mountains of their grandeur. The inhabitants of historic cities and old villages are likewise distressed to find their narrow streets choked with tourist traffic, and their picturesque squares and market places turned into car parks for visitors....Parts of the Mediterranean coasts of Spain and Italy and Southern France have had their natural charm and character brutalised by the massive and standardised tourist

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(69) Cohen (1978)
(70) Tabler (1972)

development. In many countries, the building of corriche roads has led to the ribbon development of highly scenic coastline."[71] "The island of Rhodes used to be...an earthly paradise.....The hotels were superb, but few..... The construction of seaside hotels, holding 20,000 people in all, has killed one after the other, the reasons for tourists".[72]

Basically tourism's detrimental effects on the environment rise in direct proportion to the volume of tourists in the same way that "the more people walk across the carpet, the sooner it becomes threadbare".

3.9.2.2 Damage to Eco-systems, Monuments and the Like

The activities of tourists (national and international) are not confined to man-made hard and durable tourist facilities. Tourists venture out onto places that easily devastate. Even in economically advanced countries, rapid and massive increase of affluent visitors with their motor cars and the accompanying paraphernalia is damaging the eco-system and natural character of park environments which are being transformed more and more into commercial and urbanised attractions. Number of visitors are increasing more rapidly than the development of appropriate new parklands to absorb them, that the concept of the national park is losing its character.[73] Tourism sometimes conflicts with the basic initial purpose of parks, namely the protection of the wild-land eco-system. For example, in Africa "tourists casue severe over-use of the habitat....Harassment of the lions by camera addicts in Serengeti had led to so many kills being missed that lion cubs sometimes starve."[74] Most seriously threatened perhaps, are some of the islands in the Caribbean, the Pacific and the Indian Ocean where "the remote and varied islands of the world are experiencing an insidious metamorphosis into densely populated, urbanised, homogenous tourism - oriented communities with seriously degraded environments."[75]

Excessive or uncontrolled use by tourists can also cause damage to

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(71) ETC/Europa Nostra (1974)
(72) Haulot (1974)
(73) Forster (1973)
(74) Myers (1972), pp.1255-1263.
(75) McEochern and Towle (1972)

historic monuments. Cars, houses and human feet annually remove thousands of tons of soil from open monuments, and also do untold damage to roads, footpaths and archaeological deposits. When a site is regularly visited by hundreds and thousands of tourists it could be literally "trampled down" if rigid precautions are not taken. This can be vividly seen, e.g. in the destruction brought by tourists' feet on the soft volcanic stone of the Cappadocian rock churches in Göreme, Central Turkey. "At Zimbabwe Ruins, where a maximum of only 1,000 visitors in any one day cause acute problems and valuable archaeological deposits are being eroded. Writing appears on the walls of caves in many materials one of which is lipstick and the most difficult to remove".[76] Regulative precautions seem to have been unpopular and not very effective. Other examples are the damage by the trading of visitors on the Acropolis in Athens, and on Hadrian's Wall in England.[77]

As UNECE stated, tourism plays a major role in the economy of many mountain areas but also damage to eco-systems has in some instances reached a critical level. This can impair the future of tourism development, unless effective countermeasures are taken.

3.9.2.3 Pollution and Exhaustion of Resources

Widespread concern has been expressed about the pollution of coastal and inland waters by tourist development or activity. Tourism is not, of course, the only cause of such pollution, which may be caused by untreated wastes from towns, industries, agriculture, shipping etc., but its development in many areas undeniably contributes towards the pollution and, in turn, the pollution can have damaging effects upon tourism.

Perhaps the biggest environmental casualty has been the Mediterranean Sea, steadily detoriorating, largely as a result of over-development of the coast for tourist purposes. Thus, in the summer of 1972, local authorities on many stretches of the coasts of France and Belgium were obliged to declare the sea unfit for bathing because of pollution. The same is true of the River Rhine which is shared

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(76) Cooke (1972)
(77) DART (1976)

by six countries as an international tourist asset. Such pollution, according to UNECE, is primarily caused by inadequate investment in infrastructure or by lack of control over affluents such as have affected Acapulco in Mexico and the Spanish Island of Ibiza. Conversely, the pollution can be prevented or cured by investment and tight controls. "The very stringent regulations imposed upon local authorities and industries with regard to pollution and sewerage disposal have resulted in great improvements in the quality of the water in most big lakes and water courses, so that now, for instance, it is possible to swim in Lake Maelaren and even in the very centre of Stockholm, where public beaches are now open."[(78)]

Others have drawn attention to the negative impacts of large-scale movement by tourists - noise levels in popular resorts and near airports; traffic congestion; the heavy call on non-renewable energy sources; the human and material cost of traffic accidents. Even in more remote areas, where tourist travel is by non-mechanical means, degradation and exhaustion of resources can occur. In the United States, for example, in some national parks and wilderness areas backpackers or canoeists have left behind a trail of litter erosion and occasional forest fires.[(79)]

Evidence available shows that non-institutionalised tourism has little impact on the environment and, it is mass tourism which has major effects through the development of tourism facilities. Where environmental damage has been caused by tourism developments, it is most often due to poor planning or control of individual tourism schemes and of the overall growth of the industry.

3.10 Assessment of the Overall Impacts

The foregoing analysis reveals a very complex picture in which all the socio-economic, socio-cultural and environmental impacts are at counterpoint to one another. The development of tourism, particularly in a previously under-developed part of a country, calls for the existence of an infrastructure of roads, electricity and water supply, communications networks and perhaps airports as well as hotel

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(78) OECD (1977) a
(79) Garret (1978)

accommodation and other facilities specific to tourism. In any country and in many cases these facilities are available to local residents which make them economically indivisible. In many countries roads and airports, constructed primarily for the tourism sector, may provide access to wider markets for many locally produced goods. On the other hand, the local people may still receive little direct benefit from these utilities. This in essence, is a problem of both physical and economic distribution, i.e. of the extent to which, and the speed at which, these facilities should be made more widely available. Those countries, which are capable of achieving these in the planning process and executing them will be the successors. Nevertheless, it can be said that as tourism increases, so the infrastructure is progressively developed and facilities including police control, are improved in the holiday regions to the mutual benefit of tourists and residents alike.

Although tourism growth makes increasing demands upon scarce resources particularly land, and causes problems of inflation and speculation (dealt with earlier), superficially at least, the economic "benefits" of tourism seem self-evident: foreign exchange is brought into the country; business turnover rises and additional income, employment and government revenues are generated.

Yet in recent years several writers[80] have expressed reservations about the nature and size of the benefits attributable to tourism and have become increasingly sceptical about the potentialities of tourism as a tool for development and growth and as a means of maximising the welfare of the indigenuous population. This problem is essentially one of resource allocation and of whether or not the development of a tourism industry offers the optimum usage of the resources available, i.e. an assessment of the costs and benefits of tourism against other alternatives.

In cost-benefit terms, the economic benefits gained by a tourist receiving country are the value of the foreign currency which flows in to finance the construction of hotels and other projects and,

(80) See for example: Young (1973); Bryden . (1973); Turner and Ash (1975).

after the completion of the construction phase, the value of the foreign currency receipts from tourism expenditure plus any additional revenues gained by the government from levying charges such as airport landing fees and port dues. Against these benefits, have to be offset the economic costs involved. Apart from the purchase of import requirements, the earnings of expatriate workers and the overseas expenses incurred by the foreign companies concerned during both the construction and operating phases of the development, none of which benefits the resident population, the country itself incurs considerable costs internally. The real cost to society of employing resources and factors of production in any one sector, including the construction and operation of hotels and other associated tourism services is the value of the output which could have been obtained from their use in other sectors of the economy. Since capital and skilled labour are rarely, if ever, abundant in such countries, the development of a tourism industry requires some of these scarce resources to be diverted from their alternative uses. Admittedly some factors of production might otherwise not be employed, in which case their use in tourism involves no real cost to society but in most cases the opportunity cost incurred is the value of the production lost in other sectors.

Whether or not tourism creates greater net benefits to society than other forms of development depends primarily upon the nature of the country's economy and what alternative forms of development are practicable. Also, in the interests of diversification it is sometimes considered desirable to promote several forms of development even though one or more of these may offer relatively lower net benefits.

In general, the net benefits from any project can be measured in two main ways:

(i) The net present value to society, i.e. the current value of the estimated future benefits to the country;

(ii) The internal social rate of return i.e. the average annual rate at which the benefits accrue to society.

Although a project yielding a negative net present value to society should always be rejected, a positive net present value is insufficient condition alone for project approval. This is because, owing to the possibility of failure to identify the best alternative use of resources (opportunity - costs), the net present values of some projects may be overstated. For this reason, together with the fact that the net present value gives no indication of how close a project is to the margin of acceptability, it is argued that internal social rate of return is the more appropriate approach to the evaluation of tourism projects, if it yields in excess of 10 to 12 per cent. Forbes's study[(81)], for example on the Trinidad Hilton produced an internal social rate of return of between 12 per cent and 17 per cent; on the other hand, internal social rate of returns have been as low as 1 per cent, indicating that further tourism development creates a socially inefficient use of resources.

Despite conflicting evidence however, recent unpublished research in several countries by the World Bank indicates that the benefits to be obtained from an expansion of tourism do appear to outweigh the opportunity costs of the resources employed. For example, the following internal rates of return on tourism projects were found: Gambia 15 per cent, Turkey 17 per cent, Senegal 16 per cent, and Mexico 20 per cent to provide infrastructure for beach tourism, together with minor additional components e.g. the restoration of archaeological sites in Turkey and in the case of Mexico and Senegal, the financing of hotels.[(82)]

Attempts to generalise about the costs and benefits of tourism, however, are dangerous because the economic situation differs considerably from country to country. In economic terms, undoubtedly, tourism can create favourable conditions for the development of the other sectors by providing a source of foreign exchange and generating considerable government revenue. At the same time tourism may hinder the growth of other sectors by competing away scare resources and factors of production. For this reason it is essential to make a thorough investigation of the economies concerned identifying their strengths, weaknesses and potentialities as a starting point for any development plan.

(81) Forbes (1976)
(82) Provided by F. Mitchell (World Bank) quoted in Archer (1979), p.31.

In addition to economic costs and benefits, tourism, as has been revealed, imposes cultural, social, moral and environmental changes (both positive and negative) upon the host country. Although such costs are not merely confined to tourism and are rarely quantifiable in economic terms, they must be taken into consideration in the decision making process.

International tourism is now, as presented in the first chapter, undoubtedly one of the fastest growing industries in the world, despite temporary setbacks. Many countries have already benefited from tourism and increased the welfare of their residents while others have not reaped optimum benefits from it. Whether or not tourism is, as some put it, "a factory without chimneys" or "a golden egg laying goose" remains debatable as many countries in recent years put forward costs, particularly socio-cultural as outweighing the economic benefits of tourism.

It is therefore, in the vital interest of developing countries to carry out the cost benefit analysis of any tourism development both economically and socially and to compare them with other alternative forms of development prior to decision making. "Go ahead" tourism projects should be happily integrated with the other sectors of the country concerned in order that mistakes once made, shall not be repeated.

PART II

PLANNING FOR AND MARKETING OF INTERNATIONAL TOURISM

CHAPTER 4

PLANNING FOR AND CONTROL OF INTERNATIONAL TOURISM BY A RECEIVING COUNTRY

4.1 Introduction

In the previous chapter of this study, the overall impacts of international tourism were examined. Policy decisions will determine whether or not tourism is developed at all, what type of tourism is attracted, how fast it grows, and the size of the benefits it generates. The majority of countries from both socialist and capitalist blocks - with the exceptions of Burma, Albania, and until recently China - have actively promoted tourism. The ways in which tourism is organised and its impacts can, therefore, be expected to differ considerably in countries with different political and economic structures. Despite very little material, it appears that the major objective of tourism policies in socialist countries is to raise the welfare of their citizens by providing appropriate recreational facilities; foreign exchange is only a secondary objective. Although the "ghetto" resort tourism promoted by Bulgaria and Romania, the more varied tourist menus offered by Poland, Hungary, and Czechoslovakia, and the "sui generis" approach of Yugoslavia, offer contrasts, many of the Eastern European countries have extraced monopoly rents from Western tourists; for example they are required to purchase minimum amounts of domestic currency at unfavourable prices for hotel rooms than are domestic tourists or tourists from other Eastern countries.(1)

In most countries, however, the private sector has been given a predominant role in tourism development. In Spain, for example, during the 1960's the state played an active role in the tourism industry, running a network of reasonably priced hotels of high quality and later reduced restrictions and regulations on the nature and quality of services and prices, allowing real estate operators, foreign

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(1) For details see Cambau (1976), pp.883-899.

enterpreneurs, tour operators and travel agencies greater freedom of action. Cyprus offers an interesting comparison, with less formal control over the tourism industry and less active state participation than in Spain. Foreign participation in Cyprus appears to have been kept internationally to a minimum. In Tunisia, the state actively stimulated the emergence of a private enterprise tourism sector by giving entrepreneurs substantial aid and incentives, after assuring the risks of developing the first major tourism facilities. In such economies as these, an important component of tourism policy is to reconcile any conflict between the pursuit of private profit and the desire for social gains.

In order to plan tourism development scientifically, the country concerned must consider its tourism as a "product", which has to be saleable in the world tourism market. Before embarking on any tourism development programme, the country has to catalogue its tourism facilities and attractions and, assess their value in a way to match the expanding, ever-changing tourism demand. The main emphasis of tourism plans and policies has been upon increaseing the gross earnings or numbers of visitors. Less attention has been given to maximising net returns ignoring the alternative types of tourism that appear to promise greater social benefits. Most seriously, although the sectoral plan should establish the place of tourism within the development strategy for the whole economy, in many cases such a plan does not exist or is not decisively implemented. Another issue which appears to have received little attention from tourism planners concerns the likely life-cycle of a tourism product, or even a tourism destination. Although it is impossible to predict the future with accuracy, planners do need to devote more explicit attention to the possible implications of market changes, for example, by consciously promoting diversity in tourism facilities.

4.2 The Need for Planning

There has been increasing recognition among governments and international agencies of the need for comprehensive planning and control of tourist development.(2) The continued growth and geographical expansion of tourism is a certainty. Without planning and control,

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(2) See U.N. (1970a, 1970b, 1972), UNCTAD (1973) and UNESCO (1976)

it could do grave damage to the physical and socio-cultural environments of many countries. Planning and control can minimise that damage, and may harness tourism to bring not merely economic, but also environmental benefit to the world as a whole.

Governments can decide what type, scale and pattern of tourist development is consistent with the needs, character and resources of their country; and, within certain broad constraints, can act on that decision. They will need to judge how tourism would relate to other arms of their national and local economies; what constraints on tourism should be implied by the social, cultural and more over religious character of their people; how tourism, both domestic and international, would relate to the socio-political aim of the country; what physical and cultural resources can be deployed; what optional tourist markets could be served. These can all then be reflected in a deliberate policy for tourism development, to be implemented by a series of controls and incentives which have by now been tried and tested in many countries. In many developed countries, tourism is now an integral element in economic and physical planning at national, regional and local level.(3) In some such countries, it is also an important element in social planning, through well-established programmes of "social tourism". The less developed countries are now pursuing the same course with encouragement and assistance from international agencies. Furthermore, socio-cultural conflicts, referred to in the previous chapter, have led to some tourist professionals(4) to advocate a "new tourism" expressly designed to promote the development of the populace at tourist sites. This interesting movement has already gained some support in the Caribbean area. The objective of "new tourism" is: "to resolve the contradictions between tourism and development ... to ask in what way tourism can be supportive of development.(5)

4.3 The Assessment of National Tourism Attractions

It is reasonable to argue that countries can not or should not begin to plan for the future of their tourist trade without a full study

(3) See for example, Nikitine (1978)
(4) Among them J. Holder, Director of the Caribbean Tourism Research Centre and, author P. Rivers (1972)
(5) For a brief introduction to the idea see; Hiller (1976), pp. 99-201 and Hiller (1977), pp.83-85.

of the attractions - physical, historical, cultural - that a country possesses. Following this inventory, legislation for the preservation, protection and development of outstanding natural attractions is essential to prevent fragmented development, which may ruin the international competitiveness of the country.(6)

A number of principles, on which assessment can be based, may be the following.(7) First, it is highly desirable that the attractions should be developed progressively throughout the entire country so that tourism and its benefits are spread as widely as possible. In many countries, Yugoslavia and Jordan, for example, tourism was highly concentrated, in particular, fairly localised areas, to the economic and social detriment of the country as a whole. Secondly, areas and attractions which are singled out for special development should appeal to the widest possible cross-section of tourists over the longest possible season. By adhering to this principle, over-dependence upon a particular type of tourist, specific national group or particular season of the year will be avoided.(8) Thirdly, priority should be given to those attractions which can be most easily and most successfully developed. Such development should be equated with both the potential volume of visitor traffic and the probably expenditures by tourists. For example it would be wise and more economic to develop those attractions which can be based upon the exisitng infrastructural services or those planned for other socio-economic developments. In this way, distinct, and often large, economies in development costs can be made. Fourthly, since it is impossible to develop all the potential attractions at the same time, it is important that similar or competing attractions should not be embarked upon until the volume of visitors can justify

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(6) The Unites States tourism industry has fragmented so much that it is causing great concern. For details on problems that have arisen from the fragmented growth of tourism and suggested overall planning strategy alternatives see; Gunn (1977), pp.85-94.

(7) Peters (1969), pp.150-151.

(8) Although seasonality will be dealt with at a later stage, for details on seasonality, its causes and importance and, the methods for improvement see BarOn (1975)

them; too many alternative or competing attractions may well jeopardise the success of others if the numbers and spending power of the tourist area not large enough to sustain them. Clearly, great care must be taken over priorities. Fifthly, in planning tourism development, it would be sensible to take into consideration the existing and future needs of local populations so that tourism projects are backed by local custom and thus stand a better chance of being viable economin propositions. Finally, it may be emphasised that the tourist is usually seeking something of new value; he desires new experiences, different environments, new thrills, different faces. Any country possessing attractions which are unique or out of the ordinary should attempt to capitilise on these for they are likely to bring great success as in Tunisia where the European tourist attraction takes the form of an entirely different world which is strange, fascinating and exotic. It appears from studies, as well as from the experiences of other countries such as Spain, that the authorities did not systematically examine their natural and other assets, and did not draw up plans for building up tourism around them, nor did they pay sufficient attention to the question of physical planning, by which the use of land for tourism and other purposes could be harmonised, and controlled, development, disfigurement of landscape and other undesirable consequencies avoided.

4.4 Formulation of the Tourism Development Plan

From most studies on tourism planning there emerges the concept of a "tourist industry" with identifiable economic, social, cultural and, environmental costs and benefits. The implication is that tourism development could thus be planned as in any other branch of industry producing for domestic as well as for foreign markets. In countries with great tourism potential where a policy decision has been reached to give tourism priority in the country's overall development choices, the formulation of a tourism development plan on a national and regional level becomes imperative.

The third I.U.O.T.O. Travel Research Seminar, held in Prague in 1964, examined in great detail the many problems involved in the development of a tourist industry and concluded that "all tourist planning should be based on two classes of preliminary surveys:

(i) detailed surveys of the characteristics of the area being considered for development and, in particular, of its tourist resources; (ii) studies of future customers based on surveys and forecasts"[(9)]

No matter which body is responsible for the planning of tourism development, it is important that "any plans should be conceived within a larger geographical context and be integrated into the national plan for economic development."[(10)] This is precisely what the French did in their Longuedoc-Roussillon scheme. In the case of the developing countries it would seem that state participation in respect of innovation, financing and co-ordination is imperative as the development of major tourism projects often is beyond the powers and resources of private enterprise. General guidelines for such intervention could be as follows:

(a) The government has to decide upon the rate of growth in the tourism sector, whether to encourage mass tourism or to pursue a slower and more selective growth. Such a decision may, of course, be taken for it by circumstances that already exist; for instance, a country with an incipient tourist industry simply cannot cope with a vast influx of tourists.

(b) It has to determine what should be the respective roles of the public and private sectors in developing the tourism industry, and similarly the roles of domestic and foreign capital.

(c) It has to plan tourism development needs in advance, according to a time scale that it considers suitable. These needs should be synchronised with other productive sectors in the country.

(d) Tourism should be treated as an economic growth sector and thus certain incentives should be accorded to those who select investing in tourism.

(e) Scientific research is a necessary prelude to formulating the tourism plan. Governments are usually reluctant to spend money on tourism research, thinking it to be unnecessary as tourism has developed in the past in some places without any

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(9) IUOTO (1964)

(10) OECD (1967), p.21.

research as in Majorca and the Costa del Sol.

(f) As tourism is a movement of people rather than of goods, it is particularly susceptible to subjective considerations quite apart from economic forces. Politics and social pressures are examples. Psychological attitudes and changes in fashion may also influence the course of tourism markedly and it is therefore necessary that the government keeps the tourism industry as flexible as possible to be able to adopt it to changing conditions and requirements.

(g) Tourism investment should be demonstrably justifiable in terms of its anticipated contribution to the economic development of the country. It is therefore important to present tourism options among other sectors in quantified terms.

(h) Selection of priority zones for development is necessary as the Government will not be able to develop all its touristic zones at once.

(i) Phasing in planning is necessary. Mass tourism involves close co-operation between tourism operators in the tourism-generating countries, on the one hand, and government and tourism enterprises in the receiving countries on the other.

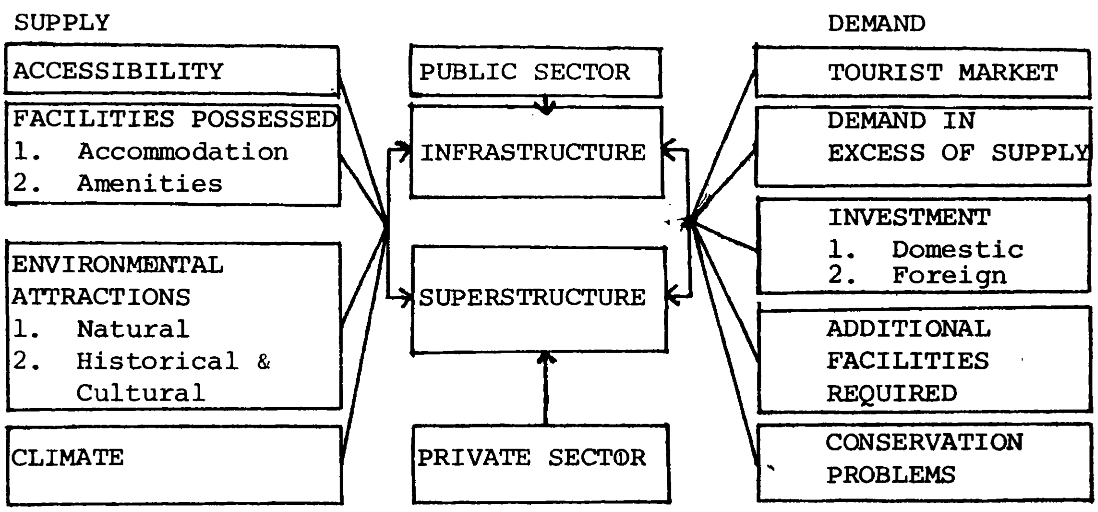
(j) The question of concentration or dispersion of tourism projects and facilities in non-urban areas for the type of planned tourism growth represents an acute problem for developing countries, where there is usually a lack of infrastructure. There is no ready made solution for such a problem as every case should be studied on its merits.

(k) The question of financing needs special attention, because when a country encourages foreign capital without limitations, it might be depriving itself of the real benefits of tourism.

The role to be played by the public and private sectors in the tourism development plan needs to be carefully studied as both should have an important part to take control of. Private initiative is usually profit-oriented and it would have little to do with social and economic development on a macro-level. The public sector, conversely would be solely responsible for physical planning and for developing remote areas of prime tourism appeal, which would not be sufficiently viable for private investors to step in and develop. On a micro-level, the private sector, whether national, foreign, or as a mixed economy, should participate in tourism development according to the national plan or the regional master plan already laid down to avoid imbalances between supply and demand both international and domestic.

In general terms, where all development efforts should be mobilised and co-ordinated to achieve the best results, the distinction in treatment between public sector and private initiative should be minimised in order to channel all productive forces towards tourism growth. In this respect, any government in formulating its tourism policy, must be perfectly clear as to the objectives of tourism development, and must be guided, primarily by economic considerations and make a careful study of the existing and potential market in terms of supply and demand (see figure 4.1).

Figure 4.1 Basic Planning Model



SOURCE: Adopted from H.Robinson, "A Geography of Tourism", MacDonald and Evans, 1976, p.144, fig 10.

4.5 Comprehensive Approach to Tourism Planning and Development

Comprehensive planning of the tourist industry should involve demand supply relationships in quantitative terms under the guidelines drawn above within the context of the national economy in question. The model should employ the development targets of the economy as they affect the tourist industry and take into account the constraints of available production factos and other social and institutional limitations, as well as the scope and characteristics of the potential demand, identifying the optimal number of tourists and their preferred mix, in terms of types of tourists, regional and seasonal distribution, and the required inputs and services necessary to implement the development plan on a national and regional basis - all subject to exogenous constaints. Detailed supply and demand functions and analysis of their interrelationships can provide satisfactory answers to the following four aspects of planning:

(i) Determination of the feasible and optimal level of output and its preferred mix from the viewpoint of the national economy, i.e., number and categories of tourists that the economy is able and willing to serve.

(ii) Determination of the required inputs necessary to satisfy the optimal level of outputs, i.e., type, and scope of touristic services and activities as well as their associated production factors.

(iii) Selection of specific activities and services in each locality which can be most profitably developed to meet the requirements resulting from the demand characteristics and the supply functions, while taking into consideration the particular features of the area, its existing and potential tourist attractions, as well as local constraints.

(iv) Formulation of the feasible and optimal seasonal distribution of the various activities over the year.

Examination of the interrelated effects of the above listed aspects of the tourist industry will be of great assistence in formulating the planning process and method of solution meeting a criterion namely the contribution of the tourist industry to the national economy.

4.5.1 Objectives and Contraints

The first step is the determination of overall planning targets in general terms from the viewpoint of the national economy, as well as a definition of the limiting factors and constraints. The plan should aim at maximising the contribution of the tourist industry to the attainment of these targets within limitations imposed by constraints exogenous to the tourist industry.

Considered within the framework of the overall economy, the planning targets of the tourist industry inevitably depend on and are dictated by the economic policy objectives and the order of priorities laid down for the economy under consideration. As an example, the primary objective of a long-term economic development policy may well be the improvement of the country's balance of payments, in terms of raising the net foreign currency contribution. Another alternative or complementary goal could be increasing employment or raising income in preferred areas. Still another target could be the promotion of overall economic growth at a predetermined rate. In fact, there is a wide range of possible targets, all depending on the order of priorities and the kind of problems confronted by different economies. In Israel, for example, the tourism planning model relates to an economy that has a balance of payments problem and where the prime objective of economic policy is the raising of net foreign currency earnings.(11) It, therefore, concentrates on this mere objective ignoring the socio-cultural impacts that must be taken into consideration in any planning for tourism development.

Whatever the objectives are, there will always be constraints to the availability of production factors, mainly of manpower - skilled and unskilled, on the national, regional and local levels, and physical potential of tourist sites. Although financial resources may be made available once the projects have been proved economically sound, capital availability may be a serious constraint. Infra-

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(11) See Bargur and Arbel (1975),pp.10-15.

structural investments and initial investments in the development of a new tourist site come under this category.

Constraints related to the physical potential of tourist sites must be taken into account at the phase dealing with the detailed regional distribution of activities, based on data obtained by a survey of sites. The survey should provide detailed information on the characteristics of existing tourist sites, the development potential and problems of each site, the possibilities of developing additional sites, and estimated costs of development under different alternatives.

The anticipated demand for tourist services at national and regional levels represent another set of constraints. Limitations posed by demand, however, can be taken into account by a detailed analysis of demand profiles (12) followed by a survey of the requirements for tourist services and activities in different seasons throughout the year.

Other constaints such as social and institutional constraints on national and regional levels can also be coped with in the planning model provided that they can be formulated quantitively as for instance the total number of tourists in relation to the population of a region, or the priorities of certain categories of tourists, or the nature of tourist activities in a given locality.

4.5.2 Demand Analysis for Planning

For a large number of demand profiles, trends can be determined and extrapolated into the future for the target year and for interim periods through forecasting. (13) It can then be established what planning should be trying to cater for, at least according to some

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(12) Demand Profile or "demand basket" is defined as a segment of the tourist market which has a common denominator and which is of a fairly homogenous character and composition whith respect to demand for tourist services and activities, Bargur and Arbel (1975), p.12.

(13) Forecasting is often considered to be prediction, even though it may be prediction on a probabilistic basis. For a series of articles on the subject see; Haworth and Parker, "Forecasting Leisure Futures" Edited for Leisure Studies Association, (Undated).

concepts of planning. In the planning model the categories of tourists that compose a demand profile must be selected according to agreed objectives in order to ensure the homogeneity of the profiles. The definition of profiles will have to take into account a number of motivations for the visit, size and composition of expenditures according to types of tourist services and standards of service required and preferred patterns of recreation, duration of the stay seasonal and regional characteristics, mode of travel, and other speacial features typical of the market segment.

It is reasonable to assume that there should be a close interrelation between the socio-economic characteristics of the tourist and the demand characteristics as stated above. Moreover, if the planning method is based on the expected average behaviour patterns and expenditures of the demand profiles, particular importance should be attached to detailed subdivision of the profiles, for the greater the detail, the higher the probability of distinguishing between specific market segments with similar patterns. A homogenous demand profile having sufficient detail for the purpose may be illustrated by the market segment represented by the American tourist to Israel characterised by high income level, age group over 50, visiting in the peak tourist season with an average duration of stay of two weeks, first visit to the country with the primary purpose of touring religious, historical and scenic sites and the secondary purpose of visiting relatives.[14] In the same way many other demand profiles can be defined for the country in question, provided that the following five sets of data be available.

(i) Estimates of the numbers of tourists anticipated during the target year and interim periods as forecast under various alternatives of promotion policy and relative prices. Forecasting can either follow the conventional path of extrapolation or it can employ more sophisticated methods such as econometric models based on demand functions.

(ii) Quantitative information on anticipated demand for the various tourist activities in physical terms (e.g. duration of stay in terms of number of tourist days spent at the tourist resorts,

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(14) Bargur and Arbel (1975), p.12.

number of hours spent in visiting various types of tourist sites)[(15)] and on minimum requirements for predefined standards of services, etc.

(iii) Detailed breakdown of the anticipated outlays for various types of tourist services (hotels, restaurants, shopping, tours, entertainment, transportation, etc) expressed in monetary terms, including direct and indirect foreign currency expenditures.

(iv) Seasonal distribution of the demand unless the demand profile defines a particular season.

(v) Regional distribution consistent with the demand profile and some indication of regional trade-off from the demand point of view.

It is evident from the above analysis of demand that in the planning model numerous and diverse demand data is required, thus it seems that in most countries it is necessary to conduct detailed market research, which is also a vital aspect in the field of marketing, to supplement the needed information by experts if sound economic planning is desired.

4.5.3 Supply Analysis

For the purpose of analysing the supply sector, every tourist service (various categories of accommodation and catering, entertainment, travel enterprises, transportation to and from the country) needs to be defined, similar to demand profiles, as a separate activity with a distinct production function. Supply can be analysed on the basis of the following set of data.

(i) Estimates of the existing supply of tourist services and of the capacity of tourist sites expressed in physical terms (number of hotel beds and other accommodation, capacity of seaside resorts, parking capacity of camping sites, etc).

(ii) Anticipated additional facility potential resulting from investments in projects undertaken without the planner's intervention which are likely to be completed within the

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(15) The period of time which tourists spend in a region is one or the most important factors influencing their total expenditure. For details see Archer and Shea (1974)

planning period.

(iii) The physical potential for the development of additional projects on a regional level, expressed in quantitative terms, and data on the cost of development in terms of investment functions pertaining to various development alternatives.

(iv) Production functions in terms of inputs per unit of output, both for existing services and for additional development. Under production functions, distinction must be made between fixed and variable costs in order to take into account seasonal factors.

(v) Estimate of production factor constraints at national and regional levels. Forecasts should be prepared of the availability of limited production resources, taking into account possible changes of policy.

Forecasts of labour supply in the various occupations can be used for the quantitative assessment of manpower constraints. The forecast should be based on data regarding the existing manpower, the planned output of various training institutions for skilled personnel and their dropout ratios, and immigration. The forecast also has to take into consideration other factors such as on-the-job training and the policy regarding importation of skilled workers for limited periods.

Regional and local production functions should also be defined separately whenever they are likely to differ from the general functions for the country as a whole and specific problems typical of locality such as infrastructural investments, or possible differences in the cost of current inputs must be taken into account in the planning model. In addition, a quantitative estimate of specific regional constraints, including social and institutional constraints, if relevant, is required. Since the model can treat only quantitative parameters, the difficulty of expressing the qualitative characteristics of sites in quantitative terms arises. This, if not wholly, can be partly overcome by employing scoring techniques.(16)

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(16) Such as those put forward by Gearing, Swart and Var (1973) and (1972), pp.2-13.

4.5.4 The Limitations to the Comprehensive Approach

A comprehensive approach to tourism planning implies that the supply of domestic tourism and international tourism must be treated jointly. One has to consider the whole assortment of facilities which aim to satisfy domestic as well as foreign tourists. As a corollary to planning for supply, there is a need for a symmetric extension of demand to cover the various interchangeable activities related to the use of leisure time that compete for the same resources as does tourism. These extensions on both the demand and the supply side of tourism planning are of great importance for any evaluation of tourism itself. Input calculations, for example those for international tourism, can be favourably impacted when infrastructure and capacity have other uses. The costs may have to be unfavourably evaluated when viewed as changes to other activities. Although these costs can be traced through input - output systems and there have been attempts to construct models which acccount for such impacts on a national as well as on an international level, to a large extent costs may still have to be "revealed" because the affected groups so far have not reached an effective stage of articulation. An important conclusion is that any cost-benefit evaluation of tourism, as argued before, is very sensitive to the definition given to this activity.

For tourism planning, it thus seems essential that inputs include considerations of depletion of natural resources as well as environmental impacts and that output concern the benefit of leisure in various forms. In connection with this notion, there is also a growing awareness of the limitations of present information systems and accounting frameworks as a basis for comprehensive planning. There is, for example, no systematic link to land use. Capital and labour are the only factor inputs fed into the input-output tables. Added to all these, another difficulty lies already in the task of selecting variables for such a model permitting comprehensive cost-benefit evaluations - the selection implies on valve judgment that might be politically sensitive for any government to make. The task of broadly outlining the comprehensive planning model might therefore, as suggested by The Economic Commission for Europe, become the appropriate task for an international organisation.(17)

4.5.5 Long-term Strategies

In treating domestic and international tourism together, any comprehensive planning and actual allocation of public funds must consider investments in better working conditions as working time and leisure time should not be considered as necessarily conflicting or in isolation to one another. The pressure on recreation areas caused by the need to get away from overcrowded urban areas could be relieved by making urban areas more inhabitable. Town planning and investments in the improvement of city life are thus close substitutes for the development of tourism e.g. landscape projects; both have to be considered in a context of comprehensive planning. The trade-benefits would in part depend on the costs of making urban areas more attractive for tourism versus the cost of additional tourist facilities. The allocation options have to be seriously considered, particularly since the developments are irreversible in the short run.

Diversity of facilities is another important issue in planning for tourism as it contributes to dynamic equilibrium and to the quality of life that has been taken up seriously in the planning process of many socialist countries. From this point of view one could justify priority for a large number of small tourist centres over a small number of large uniform units. The former pattern would be more likely to stimulate diverse leisure activities possibly countering the world wide tendency to standardisation and uniformity. Diversification can, therefore, be a palliative to the adverse social and environmental effects of tourism on host societies by relieving pressure on such tourist attractions as beaches in favour of hitherlands such as forests and mountains. Ever growing demand for tourism facilities may not so far, have shown itself to be diversified simply because of a lack of diversification of supply.

Besides diversification, the planning model might also aim to give as much future freedom of action as possible to minimise the element of irreversibility.

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(17) UNECE (1976), p.42.

As shown earlier, non-economic factors have been becoming increasingly important in international tourism. One safe guideline would be to avoid planning decisions that make a return to former natural conditions, difficult or impossible. Diversification would then go together with flexibility. In fact the two are more often complementary than opposing. Camping and caravanning might then be favoured over construction of permanent secondary or tertiary residences. This would offer an opportunity for multiple or seasonally changing land use. A safe guideline would also be to leave some areas - as large as possible, it is to be hoped - untouched and unallocated as options for future changing demands.[18] Education and training for tourism as a whole could play a positive role as a part of the over-all, standard educational programme to provide skilled labour for the whole industry. Instruction in "Codes of Conduct" would be a useful part of such an education - codes that can be elaborated and made acceptable at an international level.[19] International co-operation in this field is required for the same reasons as comprehensive planning on a national scale. All the economic problems and hindrances that impede the putting to use of the touristic inputs available to a given country clearly show how difficult it is for a developing country to face them on its own. The means of setting tourist development into motion cannot always be furnished solely by the country concerned, and there is a clear need for aid and technical assistance either bilateral or multilateral and either public or private.[20] There are, for example, joint investments that would make a given project worthwhile if undertaken by two or several countries together but would not be attractive to any single country. Since the tourist attractions are sometimes not delimited by national boundaries, neighbouring countries have a special interest in developing a unified strategy for their tourist industries. For example, a proposal by Bulgaria for the improvement of ports on the Black Sea tourist resorts and some road networks has received attention in Turkey. Similar co-operation is also being given consideration between Turkey and Greece with a desirable extension to Cyprus.[21]

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(18) Budowski (1974), pp. 5-8.
(19) Ibid, p.2.
(20) Sessa (1973), pp.19-20.
(21) Observed from interviews at various levels of The Ministry of Tourism and Information, August 1980, Ankara, Turkey.

Co-ordination of international plans is also called for because of the need for planning consistency, for example, with regard to the expectations of tourist - generating and tourist-receiving regions as well as in the distribution of tourism activity among geographical areas. Such co-operation has already been considered an obvious necessity in the forecasting and planning of foreign trade, and for the same reasons, in respect of international tourism, as one of the components of foreign trade i.e. services. The planning of tourism then, also takes on an international dimension. There is a good case for placing these activities firmly inside the framework of the comprehensive plan. It is therefore most important to foresee and shape the future of this important economic sector through proper planning and appropriate strategies.

4.6 Tourism and Physical Planning

Tourism physical planning, which takes into account the long-term perspectives for tourism and for other activities in order to determine possible areas of conflict, forms a part of the overall tourism development plan. These areas of conflict arise between tourism and other sectors claiming the same types of land and other resources. Conflicts also emerge between different types of tourism such as between extensive and intensive tourism, for instance camping sites interfere with the amenities for higher class tourism or spoil the surroundings of important historical sites and monuments. As shown earlier, uncontrolled development of tourism, as indeed of other activities, can lead to a less than optimal use of land and damage the longer-term prospects of the tourist industry through spoiling the general socio-physical environment such as in some parts of the Mediterranean and Caribbean tourist-receiving areas. Physical planning for tourism should, therefore, be drawn up to be an integral part of the country's national plan of social and economic development in order not to face adverse effects of tourism. Consequently, the physical plan should have specific objectives pertaining directly to the effective utilisation of the territory concerned and various available resources, to produce a coherent and systematic tourism growth, the type and rate of which should be already set in the overall tourism development plan. Studies, referred to earlier, concerned with planning for international tourism in dominantly receiving countries, particularly in the Mediterranean where the need for planning was felt at a relatively early stage, noted the above mentioned point. An E.C.E. expert group, representing these countries which met in November 1972 in Ankara and İstanbul, held an in-depth discussion on land-use policies with special regard to tourism and environment focusing on the scarcity of one particular factor of production, namely land.(22) This can be seen as a long-needed complement to the allocation problem of financial capital and manpower and involves policy-making in cartographic terms - obviously an approach by which environmental factors also can, and have to be taken into consideration. As physical planning of tourism is closely related to regional expansion within the tourism destination, its realisation could be manifested in several approaches, namely: a geographical approach, which includes comprehensive geographical, hydrographical, ecological, morphological and human environmental studies to introduce rationality in an area where only natural determinants and human wills can be used as references; an economic approach oriented towards an economic optimisation and profitability; a political approach, because such warranted physical planning should interact with the agricultural, industrial, urban and social policies of the country or region.(23)

The tourism physical plan should not confine itself to the broad lines of regional planning in terms of the tourism utilisation of the territory, but should be broken down into sectorial plans, projects and their blue prints. These various types of plans will greatly differ, according to the type of tourism centre that exists or needs to be created, i.e. recreational, cultural, sportive etc. By and large, several services should be included in all tourism centres, which will again differ according to the types of region chosen. The location of these tourist centres plays a primordial role in their future success.

4.6.1 Factors to be Taken Into Consideration in Physical Planning

In planning tourism development within the national territory of

(22) ESA/U N (1973)
(23) Wahab (1973), pp.50-59.

a country or a part thereof it is necessary to take into account certain elements which determine its scope of suitability. These elements may be the following:

(a) Natural beauty and scenic landscape.

(b) Geographic configuration: mountains, plains, lakes, coast lines, rivers, waterfalls, rural areas, cities, etc.

(c) Meteorological conditions: the importance of climate, hot or cold, humid or dry; level and frequency of rainfall, direction of the prevailing wind; sunshine; frequency of storms, purity of the air, etc.

(d) Cultural and historical heritage: art, archaeology, historical sites, religious places, folklore, etc.

(e) Accessibility: in view of the geographic location, various infrastructures, different means of transport, and telecommunications.

(f) Therapeutic value of the natural environment: thermal and mineral springs, mud baths, high altitude resorts, etc.

(g) Demographic conditions: populated and non-populated areas, availability of manpower, age structure, demographic evolution, migrations, etc.

(h) Availability of food and fresh watersupply resources.

(i) Socio-economic conditions: standard of living in the region or area, social habits and their impact on the type of development needed, prices, labour costs, laws and regulations having an impact on the tourist environment, available sources of financing various state aids, etc.

(j) Hygenic conditions, water pollution, sanitary installations, etc.

(k) Political conditions: political stability as a prelude for tourism development.

4.6.2 Location of Tourism Centres

The term "tourism location" has been adopted from studies on industrial agglomeration in regional economics and has become much used in the last two decades. The location theory and the theory of regional economic growth have illustrated the sequence of stages through which regions move in the course of their development: from a subsistance economy with very little investment or trade to the specialisation in minor industries producing for export. Such stages could be basically described as follows:

(i) Self-sufficient subsistence economy where the basic structure of population is simple located according to the distribution of natural resources: fertile land, irrigation, fish, etc.

(ii) Phase of trade and local specialisation that the region develops as a result of improvements in transport. A second stratum of population comes into being, carrying on simple village industries for the farmers. Since the materials, the market and the labour, are all to be found within the agricultural population, the new "industrial superstructure" is located in view of that "basic stratum".

(iii) With the increased inter-regional trade, regions tend to move into another phase which is successive and diverse: the phase of agricultural crops, i.e., from wheat and corn to fruit-growing, dairy farming and even "truck gardening" (this is a clear historical pattern of the emergence of Europe from feudalism).

(iv) With increased population and diminishing returns in agriculture and other extractive industries regions are forced to industrialise, i.e., to enter into the secondary sector of manufacturing on a considerable scale. In the early stages of industrialisation the emphasis will be placed on the products of agriculture and forestry, and will include such activities as food processing, wood products, and the preparation of textile fibrés. Later, if industrialisation is to continue, mineral and energy resources will become important.

(v) A final stage of regional growth will be reached with the specialisation in minor industries producing for export of which tourism forms a part.

Accordingly, it would be difficult to develop tourism in a subsistence economy region because of the lack of general infrastructure and suitable socio-economic environment. At the same time it is not advisable, when locating certain tourism centres within a region, to choose an area which is already heavily industrialised because of the bad impact of industry on tourism from a health viewpoint. Tourists, originating in the big industrial centres of Western Europe and North America, would like to satisfy their need to escape to virgin areas for holiday-making outside the big urban centres but not very far from them. This faces planners of tourism centres with a great responsibility relating to the choice of the location. To localise means to outline precisely, the most suitable places for creating tourism centres and complexes. Therefore, tourism location requires an inventory and assessment out of the existing tourism attractions, the "zoning" of areas with special tourism appeal and potential, and the implementation of appropriate measures to protect and safe-guard tourism resources in these areas. A development could then be laid down, which should include the choice of installations and facilities, and their design, which should fit in with the typology of the environment, taking the researched potential demand into account for the determination of their sizes, categories, types and capacities, conducting feasibility studies beforehand.

A territorial plan should not confine itself to the use of the land, but has moreover to contain provisions for the organisation of tourism in the newly created areas, the types of management needed for promotion and marketing activities, employment and financing policies. Furthermore, planners should be aware of the implications of over-development, which would surely cause the region's deterioration, and would tend to spoil the attractiveness of the site chosen creating environmental damage.

4.6.3 The Carrying Capacity of Tourist Resources

A key principle in the planning of tourism advocated by those who seek a balance between tourism and the environment is that the type and scale of tourist development and activity should be related to the carrying capacity of tourist resources.[24] To some degree many of the planning problems are related to the problems of carrying capacity or capability of the tourist centres to withstand the present and projected development of tourist traffic. An increase in numbers of visitors to the area itself may be a greater problem in the long term to the tourist industry, as in the highlands and islands of Scotland, than a stabilisation or decline in numbers of visitors in the short term.[25] Carrying capacity has an obvious relevance in that the airlines or water supply systems serve a particular tourist resort. Yet the principle equally applies to the social system and to the physical or cultural resources which may form the basic attraction to the tourist. The social system - i.e., the population and its workforce - may absorb and serve a certain number of tourists before strains begin to appear.[26]

The physical resources, such as beaches, ski slopes, museums or African game reserves, may take a certain load of tourist activity but show signs of deterioration if that load is exceeded. Assessment of carrying capacity, and the balancing of levels of tourist development and activity with that capacity, are thus a crucial means of preventing environmental damage, protecting resources and equally important, securing the continuance of tourism itself on a "sustained yield" basis.

There are no fixed or universal formula for the carrying capacity of resources. The capacity of a resource can indeed be modified or increased by, for example, physical works or intensified management, but those whose task is to manage resources or to protect environment can decide what load of tourist development or activity a place can take, and then control the load accordingly. In a number of countries where this principle is pursued, it is officially recognised that certain resorts or areas have reached the point of saturation, at least within certain seasons; and that further growth of tourism can only accommodated by extending the effective season or by opening new locations.

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(24) See Forbatha (1966), and Mallows (1972)
(25) Butler (1973), pp.295-301.
(26) Noronha (1977)

4.7 Regional Planning Strategies and Their Implications

It has been clear that the development of tourism is desirable and the factors mentioned above can be a means to the process. In turn, growth will inevitably attract large local and outside investors to develop tourist related infrastructure and enterprise bringing about two main changes. First, there will be pressure to develop activities that will change locations into tourist attractions. Second, these tourist enterprises and infrastructure will probably pull towards urban standardisation forcing governments to exert considerable influence to maintain the existing form of tourist centres. The character of the locations can also be expected to change as they become increasingly tourist oriented towards commercialisation. Employment shifts will certainly occur to support tourist-related activities. Moreover, construction of the infrastructure and superstructure and development of transportation will transfer places into standardised tourist centres. With the rapid development and activities, tourist locations may completely alter the whole structure through commercialisation, bearing the similarity to the original attraction.[27] The significance of these changes may have a number of implications; the most important of which are discussed below.

The change that may occur in the above form is by no means unique among tourist attractions in tourist developing regions throughout the world, and has braod planning implications for tourism in general particularly in such areas. Several strategies can be suggested. In the past, much planning has focused on the development of facilities and infrastructure to support anticipated tourist growth. However, given the flighty nature of tourism (as tourists have a tendency to seek new experiences and new places once they feel that a given area has become too commercialised), it seems reasonable that planners and policy makers could organise and carry out a programme with some degree of recognition as to the effect their decisions may have on the future of the area of concern. Following alternative decisions, with their anticipated implications, could be suggested.[28]

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(27) Increased tourism to Latin America has had negative effects on attractive tourist centres one of which is Chichicatenango see; Hudman (1978), pp.112-125.

(28) Ibid., pp.122-124.

Some combination of these strategies might, however, create new options for policy makers in certain countries.

4.7.1 Laissez Faire

A general pattern of discovery, growth, peak, and decline is typical of many tourist attractions. Discovery comes through government or private agencies recognising the potential of an attraction. Repeated promotion and a rapid expansion of the infrastructure occur, increasing tourism to the point of saturation. Then there is a period of time in which the attraction has reached maximum development with strong tourist identity. During this period tourists and agencies begin to look for alternative locations as the novelty and uniqueness of the area gradually wear off. Following this peak period a series of problems generally begins to arise as deterioration takes place in both the physical environment and the degree of tourist traffic. Acapulco serves as an excellent example of this change. Rapid growth in a tourist area increases income and employment opportunities, as well as developing an infrastructure which can be used by residents of the region, however, serious problems arise if the development is too rapid, particularly in underdeveloped regions. The residents face inflated prices, a short-term loss of energy, and a shift in market or purchasing patterns. These problems can be handled if the government recognises the long-range importance of subsidising the local resident over the short-run, when developed and growth are dramatic. The loss of pre-existing physical forms, occuring because of the infusion of large numbers of tourists, is probably the most difficult problem for the government to handle in a laissez faire strategy, unless strict building and architectural requirements are imposed on the developers.

4.7.2 Designated Tourist Development Centres

The strategy proposed here involves the development of specific and planned areas as tourist development centres, protecting other areas from adverse tourist impact. The stress of tourism is confined to a selected number of communities. Effective planning could minimise many of the problems described in the section above, however, some control over the market and subsidising of local inhabitants may be required to maintain at least a sense of local flavour. The advantages of this strategy are twofold. The first involves maintenance of cultural identity in non-development centres. Secondly, there is an increase in income, both in the feeder areas and in the target community. As has been suggested, the growth, if rapid in the target region, may be a disadvantage to local residents. However, the feeder area would enjoy an increase in income without the direct impact of the tourists. This lack of competition with tourists in the economy would give residents increased purchasing power while maintaining their cultural identity. The results of this strategy are the limitation of cultural impact to a few areas not directly affected by tourism which provide foods and services to the tourist development centres.

4.7.3 Controlling the Number of Visas

Controlled issue of visas, based upon a reasonable estimation of regional carrying capacity, allows the country to maintain control over the growth and development of its tourist industry, with its related side effects. After an assessment of flows and impact, particularly in high tourist - density areas, policies can be established to minimise problems. These include recognition of the carrying capacity of a region with respect to income, energy, food, transportation, and cultural stress.

4.7.4 Control of Regional Flows

A modification of visa control is to control regional flows within a country to moderate the impact on any one section. Policies can be established that determine carrying capacity as a function of income, energy, food, and cultural stress. Once these limits are established, the effect is to spread the tourists throughout the country, creating a more general impact. This prevents regional characteristics from developing differences that would at some point create changes in the flow patterns of both tourists and residents. This requires, of course, a considerable amount of planning and promotion on the part of those who make decisions and carry out plans at the national level. They will need to assess the potential of each area and develop plans for infrastructural and architectural growth in relation to the tourist industry. In addition, they can encourage, privately or publicly, the input of necessary capital, promoting necessary changes through national tourist offices and travel agents while continuing study of the impact of recommended changes and new programmes on the areas involved. These steps will benefit the single region and the country as a whole economically, while minimising the negative cultural, social, and economic impact. To this point, concern has only been to develop some planning strategies. To have effective planning, however, some needs of the local population, beyond simple choice of development strategies must be met. The local population needs to be included in the decision-making process as any decision will affect the socio-physical environment in which they live. The tourist industry is much too important, potentially and in fact, to the economy of underdeveloped areas not to establish effective planning procedures that evaluate and implement policies changing the growth and development of a country. In the past, and still at present in some countries, the rush is all too often to promote and encourage tourism, which leads to some serious problems that now need to be taken into consideration if the long-term success wanted, is to be achieved.

4.8 Control Over the Tourism Sector

In the early postwar period tourism was largely organised and controlled on a piecemeal basis, private sector carrying the main responsibility for the operation of tourist enterprises while, private associations attempted to ensure the necessary coordination. This situation changed radically during the 1960's, with more and more governments setting up public or semi-public national tourism organisations (NTOs) to oversee the industry.[29] At the same time, partly in response to the demand for higher environmental standards, there was widespread planning for tourism activity and development through five-year or master plans. In market-economy countries, private enterprise continued to play the leading role in the distribution of the tourist product: the firms involved became

(29) The NTOs of developing countries usually play a more dominant role and have many more functions to perform than in developed countries. For a good idea of the wide areas of responsibility of NTOs in developing countries see: WTO/IUOTO (1975)

increasingly specialised and a process of concentration took place largely through mergers particularly in the transport and tour operating fields. By the mid 1970's this process seemed nearly complete. Despite this outward stability, however, certain established principles are now beginning to undergo re-examination which may well have significant results for the tourism industry.(30)

In the past, it appears from the evidence that sufficient attention has not been paid to ensuring that gains from tourism development go to those most in need among the local people rather than only to the better-off or outsiders. The tourism sector cannot by itself correct or create conditions that are normally part and parcel of overall national social and economic policies. It is strongly believed that government involvement could become very important, particularly if governments take seriously their social role in developing tourism. Government policy toward tourism and the degree of government influence - whether it be labelled "control", "regulation", or "intervention" - will be determined by a country's overall approach to economic and social issues and the role of the national government in tackling them.

The papers submitted to the joint World Bank/UNESCO Seminar suggest that without active intervention, and without planning and monitoring, the benefits of tourism development accruing to the poor will be smaller than need be, relative to the share which goes to better-off groups, to multinational enterprises and their senior employees, or even to the tourists themselves. Even with planning it is difficult enough to ensure that the poor share in the benefits of development.(31)

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(30) Chief aspects of interest are identified as reviews of government involvement in tourism analysis of the effectiveness of promotion, growing consciousness of "belonging" to the tourist industry, consumer protection and, government policies on exchange rate. For details see Shacleford (1979), pp.32-43.

(31) The problem is of course not unique to tourism; similar comments apply to commodity production, import-substituting manufacturing, and export-oriented processing and assembly. For details see De Kadt (1979)

Local capacity to control tourism development appears to be generally weak, especially where such development is rapid and massive. Evidence of the weakness of local authorities particularly is so overwhelming that the national authorities are frequently seen as having to take on the role of protecting local interests. This, for example, happened in Cyprus and Mexico. In most places it is up to the central authority to decide whether to introduce land development taxes, betterment charges, or capital gains taxes, potentially powerful and important weapons in the hands of those who wish to prevent the benefits of tourism growth from falling solely into the hands of the land-owning classes. As Greenwood puts it: "the people must ultimately be able to find a powerful ally in the state or national government or their agencies, or they will have no allies at all."(32) Whether such an alliance can really safeguard local interests against the designs of outsiders, depends upon factors beyond the control of planners. Weakness is also partly owing to a lack of trained personnel and effective organisation at the local level, but mostly to the sheer strength of outside interest - namely multinationals that move in. They easily ride carelessly over such limited and often ill-conceived by-laws and regulations as exist, alternatively, laws are often enacted after the damage has already been done.

Shortage of investment, on the other hand, is not the only reason for some developing countries to have multinationals move in, it is the proprietary knowledge and expertise possessed by the foreign based hotel groups, tour operators, etc., which make developing countries dependent on them.(33) As a consequence, revenue distortions arise particularly in the field of marketing which will be dealt with in the following chapter.

Resentment by the local population of rapid tourism development, as revealed earlier can, and often does result due to combined effects of above mentioned issues. Such problems are less likely in the early days of tourism development and where it is promoted gradually.

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(32) Greenwood (1976)
(33) As it is a sensitive subject, issues concerning politics have only been touched upon in this study. For detailed discussion on multinationals see Cleverdon (1979), especially pp.56-66., and Turner (1976), pp.253-260.

There are, of course, cases where gradualism is not a viable option. For example, at a destination where a major new airport is needed to give tourists access, only rapid and large-scale development will earn a reasonable rate of return on the airport. Rather than choosing between slower and faster or dispersed and concentrated tourism, the choice may have to be between tourism and no tourism. If the likely long-term social effects are judged to be negative, economic considerations of a good rate of return on the airport may no longer be given priority. Successful small-scale projects may require considerable organisational inputs, and the costs of construction, promotion and implementation may be high, but the prospective gains from available evidence suggest it is worthwhile to introduce more appropriate technologies to encourage small enterprises. In the accommodation sector, for example, in some respects, developing a complex of local hotels will initially be more expensive and more difficult than establishing a multinational hotel property. (See Table 4.1). In the long-run, however, an indigenous development will be far more beneficial to the host country in generating revenues, providing employment, and stimulating industrial development.[34]

Table 4.1 A Comparison of Two Approaches to Tourism Development

	Luxury Hotel (Multinational Chain)	Small Hotel Complex (Indigenous)
Inflow, foreign exchange	Good	Fair - Good
Outflow, foreign exchange	High	Low
Construction Cost	High	Low-Medium
Design	Imported	Local
Materials (construction)	Imported or Local	Local
Furnishings	Imported	Local
Equipment	Imported	Imported
Commodities	Imported	Imported and Local
Marketing	Foreign	Foreign and Local
Management	Foreign	Local
Staff	Local	Local

SOURCE: "The Cornell H.R.A. Quartley", August 1979, p.5.

(34) See Kaplan (1979), pp.4-5.

It is rare that the people in the local community whether through existing structures of local government or through specially created organisatoins, are given a genuine chance, if not control, at least to influence to some extent the course of events that profoundly affect their lives. Participation in tourism planning is likely to be meaningful only where popular participation in politics is acceptable to the government and is promoted as a counterweight to the power that can be mobilised by those who stand to gain most from uncontrolled development.[35]

There has been growing debate on the problems of collaborating with foreign transnational enterprises and possibilities for increasing national participation in the tourism sector and in particular for the desirability of regional agreements on tourism development among a number of small countries in competition with each other. As mentioned earlier, regional cooperation may be particularly useful in combatting the market strength of large tour operators who have a great influence on the choice of destination and the type and scale of tourism. Before moving on to the marketing of international tourism and its implications, it must be stated that in general, better information on the structure of the tourism industry, together with data on prices, should be made more widely available to negotiators and planners in developing countries for sound planning and control of the tourism sector.

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(35) For a case study of the Impact of a changed political environment on local capacity to participate see De Kadt (1970), especially chapters 10-14.

CHAPTER 5

MARKETING OF INTERNATIONAL TOURISM

5.1 Introduction

It has been argued that tourism is merely a service, not unlike any other service industry belonging to the tertiary sector. As a result marketing in tourism would follow the same principles of general marketing with, perhaps, some specific applications that are peculiar to tourism just as the case would be for banking, insurance or shipping.

Certain peculiarities of tourism supply and demand, however, show that tourism marketing needs to be separated from general marketing and requires to be treated differently. To be more explicit, it should include:

(i) Rigidity of tourist supply and demand according to economic conditions;

(ii) Flexibility of demand in tourism vis-à-vis psychosociological and political factors;

(iii) High tourist demand elasticity in relation to price and income and law of substitution;

(iv) Tourist destination resources and policies;

(v) Diversification of the tourist product and its tangible and intangible items.

It is recognised that "the more intangible the service the greater will be the difference in the marketing characteristics of the service,"[1] hence, "the greater the weight of intangible elements in a market entity, the greater will be the divergence from the product marketing in priorities and approach."[2] In the traditional literature, the concept of marketing tourism is product-oriented, where the potential visitor was matched with the product. In the literature since 1965, the modern approach in tourism marketing is visitor oriented with visitor motivation and satisfaction as

(1) Wilson (1972), p.8.
(2) Shostak (1977), p.75.

the principal component activated by the increase of group and charter tours with similar consumer characteristics.

The approach of tourism marketing for the future could be called "destination-oriented", with the increased education and exposure of the public to foreign destinations and cultures.(3) This approach utilises the increasing availability of researched data and information on tourist characteristics and motivation. The destination approach does not only consider profit maximisation and economic cost, but it is also a marketing approach for tourism development compatible with the overall economic and social objectives of the country.

In considering the socio-economic potential and impacts of tourism, it is apparent that sound planning plus an effective and strategic management and marketing system are essential in providing the national economy and population with the maximum benefits from tourism. Tourist attractions alone do not provide a tourism flow into the country. It is the overall presentation of the tourism supply (natural and man-made attractions, the super and infrastructures) to actual and potential tourists. Strategies for tourism development and marketing have to be structured, organised, and administered in accordance with the overall development objectives of the country. It has also to consider and incorporate many aspects of the country's economic and social conditions as well as government policies. In marketing for tourism, significant consideration should therefore be given to the interrelated components of tourism products, government, channels of distribution, the consumer, and the demand (see Figure 5.1).

The government has national priorities for the economic and social development of the country. The industry will be developed according to tourism product resources, and with promotion and advertising, will generate a demand from the consumer for the tourism product. Each component has a multitude of national and international sub-components for consideration which affect the overall development of the other main components. The government sector affects the tourism product with policies and regulations. The tourism product

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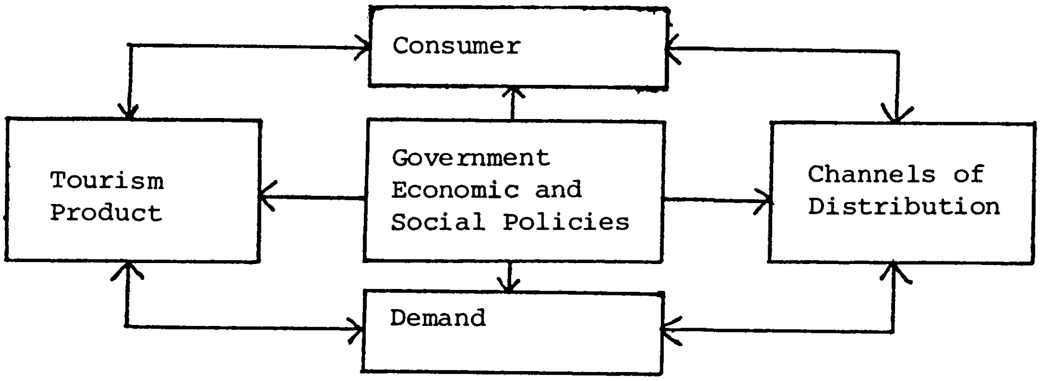
(3) Wahab, Crampon and Rothfield (1976), pp.10-16 and, Jeffries (1971), pp.2-5.

is conditioned by the national tourism development of infra and superstructures, as well as international tourism development. Depending on the promotion and advertising of the tourism product to national or international markets, demand of national and international tourism is generated and met with the national and international resources. The actual and potential consumer have national and international constraints on the actual demand of the tourism product.

Figure 5.1 Tourism Marketing and Interrelated Components



5.2 The Tourism Product

The starting point in marketing for tourism should be defining the tourism product on which several writers[4] have made useful attempts, but failed to agree on one. Almost all tourists buy "packages" irrespective of dealing with the middlemen (mainly tour operators and travel agents) and each package includes at least three basic elements: transportation, accommodation and attractions which are called "experiences". Furthermore, it is known to the marketer that tourists gather information and deliberate it before the whole experience is purchased and they recall the amalgam of experience by talking about it to friends and relatives. The pre-experience and post-experience components of the tourist product broadly form what is called "the tourist image" which is determined by many factors.[5] (See Figure 5.2).

The pattern and nature of interaction within and between these groups of components are largely determined by the "complementarity" of

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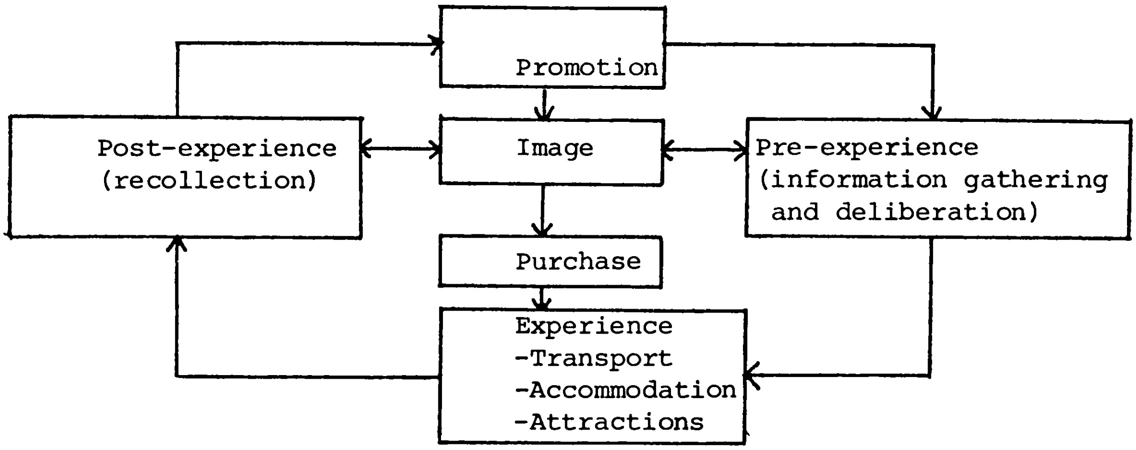
(4) See Jeffries (1971), Medlik and Middleton (1973),pp.28-35.
(5) Schmoll (1977), p.54.

tourist services within any given tourist region and make up the tourism image of the region.

Figure 5.2 Factors Affecting the Purchasing Decision of The Tourism Product



A tourist region may include more than one resort (or town) with its immediate surroundings and sufficiently attractive and original tourism resources and facilities for development.[6] Complementarity may take place between tourist services and tourist attractions as well as between different tourist enterprises, even between production factors within each tourist enterprise.[7]

Complementarity (joint effects) between tourist services can, therefore, be best explained by "synergy"[8] that is, one of the major components of the firm's product market strategy, and in business literature, it is frequently described as the "2 + 2 = 5 effect" to denote that the firm seeks a product market posture with a combined performance that is greater than the sum of its parts.[9]

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(6) Lawson and Baud - Bovy (1977)
(7) Schmoll (1977), pp.28-29.
(8) "Synergy is cooperative or combined activity, by two people or organisations, which is more effective or more valuable than their independent activities." French and Saward (1975), p.400.
(9) Ansoff (1968)

The tourism product is comprised of physical factors, service and image of a tourist region expected to yield benefits or satisfaction to the tourist. The tourism product may, therefore, be seen as a composite product, as an amalgam of tourist attractions, transport, accommodation, and of the environment. It is mainly made up of tourism resources and tourism industry forming the environment under the governmental tourism policy. Each of these components is often supplied within a "package" by the individual hotel company, airline, or other supplier. This package is most clearly seen in the case of the inclusive tour, in which the tour operator or other organiser brings the elements of a holiday together, and offers them for sale at one inclusive price (mass tourism). Each destination has a particular product or products to offer, which is made up of tourism resources, tourism industry and environment. Switzerland, for example, offers an environment of mountains and lakes, which may be used for skiing in winter and for walking, climbing and relaxation in the summer. The French Riviera offers an environment of Mediterranean sea and sun, as does Italy.

5.2.1 Tourism Resources

Tourism resources are those elements in the tourism product which determine the decision of the tourist to visit one destination rather than another and can be classified as natural and man-made resources. The natural resources mainly are:

(1) Climate: sunny, tropical, mild, dry, wintry.
(2) Land formation: plains, mountains volcanoes.
(3) Water: sea, lakes, rivers, waterfalls.
(4) Vegetation: wildlife, plants, animals.
(5) Health: hot springs, mineral waters, mud baths, sea cures.

The basic man made tourism resources are:
(1) Historical: monuments, ruins and remains of post civilisations.
(2) Cultural: museums, memorials, folklore.
(3) Social; fairs, carnivals, festivals, various forms of entertainment.
(4) Religious: pilgrimages, religious edifices, monastries, mosques etc.

(5) Touristic; infra and super-structures.

Usually a country has certain natural and man-made tourism resources but the extent to which it attracts * international tourism will depend on the combination and quality of the resources in comparison to other countries. The comparative advantage of any country can guide the formulation of tourism products.

5.2.2 The Tourism Industry

The tourism industry comprises of those facilities and services which do not necessarily provide the motivation for tourist flows but the absence of which may deter the tourist from travelling to enjoy the tourism resources. The absence of transport to tourist attractions, for example, can put the given country's tourism product out of reach, as with insufficient accommodation facilities.[10] These facilities provided by the tourism industry fall into two categories: infra-structure and super-structure. The term "infra-structure" refers literally to all those built-in services which are essential to modern social life and economic development; they include transport facilities such as roads, railways, harbours, and airports, as well as utility services such as water supply, drainage and sewage disposal, supplies of energy such as electricity and gas, and communication facilities such as telephone services. The superstructure includes all the facilities specifically for tourism in other words resort centres, hotels, motels, recreational and entertainment facilities catering to the tourist. The infra-structure requirements may be divided into three main groups; those which provide lines of access and communication with the outside world, those which enable the movement of people at the destination, and those which supply essential services of any kind for development. According to the location of the project, tourists may reach it by road, rail, sea, or by air, or by a combination of these means, and

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(10) Lack of adequate accommodation, to the standard of tourist expectation, together with restricted landing permission for charter flights were mian problems of the marketing of Turkish tourism product in the U.K. market, obtained from survey of British tour operators and travel agents in 1980.

the provision of the infrastructure may accordingly call for the construction of roads, railway lines, harbours, and airport runways to carry the required volume of traffic to and from the area with supporting facilities, telecommunications, and other means of communication. For these reasons, and because of the heavy capital outlay infrastructure is commonly provided by the government or other public authorities out of public funds. The individual superstructure facilities within a tourist area, ranging from accommodation to entertainment and catering, are commonly provided by individual developers and operators with commercial interests and confined to limited areas of land, with more limited capital requirements, if the infrastructure is adequate to begin with. The capacity of a destination for staying tourist traffic is determined by the capacity of its hotels and other accommodation units (the carrying capactiy). This is therefore a crucial dimension. The remaining facilities, in particular catering, entertainment, and shops, present few issues of principle and relatively few planning problems. This discussion of the superstructure raises not only questions of capacity, but also of the right mix of different types of facilities, which constitute vital elements of the tourism products and their marketing.

It is fundamental to the approach to the tourism product that suppliers of tourist facilities, transport operators and hotels for example, supply only components of the total package. This does not necessarily mean that the vertical integration of such suppliers has definite advantages. The interests of all suppliers of facilities may sometimes be more effectively served, depending on the structure of the tourism industry and type and quality of services they offer, if they identify their respective roles in the tourism product and organise their respective marketing efforts accordingly.

5.2.3 The Environment

The tourism industry and resources, described above, together provide the environment in which the tourism product is produced. The natural and man-made tourism resources have to be developed with hotels, restaurants and all the general infra and superstructures necessary to enable tourism flow to the area. In cases where the natural resources are in a remote and undeveloped part of the country, a high degree of infra and superstructure development is essential with great financial resources to develop the area for tourism and to provide the conveniences of modern tourism standards. For developing a tourism product, the tourism environment "includes a combination of physical, cultural, social, economic, legal and political considerations that form a tourism product which is marketable to other regions & countries as a tourist destination. The major emphasis is on the physical, cultural and social value of the tourism product, as long as the legal and political considerations are non-interfering or depressive to tourism development within the country. The impacts of tourism on the environment (analysed furthermore in chapter three) shows showed a very complex picture, in which negative and positive impacts are in counterpoint to one another. The most important factors, which determine the effects of the tourism product on the environment of the receiving country and its regions are the nature and resiliency of the area, the type, intensity and pattern of tourist development and, the comprehensive approach to planning.

5.3 Innovation in and Improvement of the Tourism Product

In the marketing of mass-produced consumer goods it is of course, common practice to manufacture products specially designed to match consumer requirements; indeed, emphasis in modern marketing is given to the process of product innovation, that is, the provision of better and more economic goods and services which in turn calls for continuous investment in research both product development and consumers' requirements, tastes and preferences.

Although in tourism it is very difficult to adjust the product or "package" as this is a function of resources, environment and the tourism industry, the process is still valid. As Kotler(11) stated "Marketing's short-term task may be to adjust customers' wants to existing goods, but its long-run task is to adjust the goods to the customers' wants." It is sometimes relatively straightforward to

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(11) Kotler (1972)

engineer changes in the tourism product, because it contains intangible elements, as well as physical features, and is perceived as an experience. Any particular destination may embody not one but several products; similarly any particular product may be provided by more than one destination. This flexibility in terms of alternative product possibilities gives tourist destinations considerable scope for altering their particular product amalgams over a short period of time, not withstanding the fact that long-term changes in tourism products are likely to involve a substantial investment in facilities. Before the war, for example, Bermuda was a supplier of market garden produce to New York. When tariff barriers curtailed its market garden trade, Bermuda developed facilities and created an identity or image as a winter resort. The advent of long-range aircraft made the more certain sun of the Caribbean as easily and as cheaply accessible as Bermuda and dealt a heavy blow to Bermuda as a winter resort. The island then refashioned the image of its product to become a summer resort.(12) What has primarily been changed is the image or identity of the island in the mind of the tourist rather than its basic physical plant, to match the skillfully identified new markets. Bermuda provides an example of the extent to which product changes can be effected without altering the physical facilities. On the other hand, resources and attractions; indeed the whole tourism industry may have to be transformed or manipulated to make them "suitable" for mass tourist consumption. For example, still-inhabited old quarters of otherwise modern cities are often turned into "living museums" to attract tourists, like the old town of Acre in Israel, Old San Juan, and the Old Town in Chicago.(13)

Although bringing supply into line with demand is essential in the formulation of the tourism product, it is also imperative to begin the process of product improvement once the demand/supply relationship is in balance. For the emerging nations, these efforts may be decades downstream, but in Europe, for example, the product is already reaching a reassuring state of refinement. This is because it is generally recognised in Europe that product improvement in

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(12) Burkart and Medlik (1975), p.134.
(13) Cohen (1972), pp.170-171.

tourism is a legitimate and appropriate practice of government and its agencies working with the private sector. It would be appropriate to ask why the state is involved.

5.3.1 Government Involvement

In the developing world, tourism products have attained their present levels largely as a consequence of private-sector enterprise and initiative but in many countries this initiative has been, and is being supported by a wide range of government assistance, however, in most developing countries the private sector is small, private investment funds are limited, and experience of tourism is negligible.[14] Governments often have to adopt the role of main entrepreneur, sometimes in response to proposed private foreign investment, in the production of tourism products. Furthermore, it is evident that a nation's basic tourism attractions (as an element of the tourism product) are generally not private but public property. The government, as the protector of the public interest, has a duty to improve the nation's tourism product as well as to produce it in the first place. This point needs to be repeated because many people in tourism resist state intervention, arguing on the mistaken ground that it is an unjustified interference in the market place. From the examples that follow, however, it should be evident that government action to assist in the improvement of the tourism product can have a decidedly salutary effect. This participative sector takes three forms: improved and more imaginative attractions, upgraded facilities, and improved management.

5.3.2 Better Attractions

Spain's well-known Jerez family of Domecq conceived the idea of reintroducing to its original home country, Andalusia, the so-called Spanish style of equitation, then surviving - by a historical accident - only in Vienna. In those days it was a hobby of the wealthy and was transformed into a major tourist attraction by the Spanish Ministry of Tourism, which financed both the formation of a permanent school in Andalusia and the organisation of a touring

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(14) Jenkins (1980), p.27.

display of native horsemanship. On the other hand, Ireland adopted the view that "Romany Caravans" should not be merely a form of transport but attractions in their own right: a grant system was set up, providing caravan operators in selected places with a lump sum per van. Many people now visit Ireland specifically for a gypsy caravan holiday. Similarly, an abandoned slate mine in Wales has been transformed into an open air working museum, showing visitors how the mine was run a century ago; the financing which made this possible was provided under a state development programme endorsed by the tourism authorities.(15) In Europe, France's two vast underdeveloped regions, Aquitaine and Languedoc - Rousillon, have been transformed into leisure complexes. Throughout Europe, there are many examples as governments contribute to the development of such diverse attractions as man-made lakes, golf courses, beach resorts, deep-sea fishing and so forth.

5.3.3 Improved facilities

The other main aspect of enhancing the tourism product is the upgrading of facilities, particularly - but not exclusively - accommodation and transport, the most dominating elements of the tourism industry. In the 1960's in Europe, the accommodation sector strove to provide hotels of international class, usually by offering financial aid in the form of grants, interest subsidies, inexpensive land, and tax relief. In the 1970's, however, the emphasis in Europe turned first towards medium-priced accommodation but it has now turned towards "budget properties". The most ambitious programme of this kind was France's plan to increase the national supply of camping capacity by 350,000 tent sites during the 1970's. Equally ambitious is France's development of a huge network of "stations verts" - resorts designed to allow visitors to enjoy holidays in the countryside.

In Italy, grants are available under regional development plans for the modernisation of "budget-class" city hotels and pensions, but probably the most extensive plan was Britain's "crash programme", based on government cash grants of up to £1,000 per room, which led to the provision, in the early 1970's of nearly 70,000 extra hotel

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(15) O'Driscoll (1978), pp.47-56.

rooms throughout the country.[16]

The development of a wider range and more sophisticated means of transport goes hand in hand with improvements in accommodation. In Europe, most public transport is state-operated, and nearly always runs at a substantial loss - thus amounting to a state subsidy. In some cases for example, In Norway's Fjord country, transport is specifically and heavily subsidised to allow the development of tourism. Massive improvements in roads, noteably in motorways, has sparked off a sharp rise in motoring tourism despite sharp increases in fuel costs.[17] In addition to the primary elements of accommodation and transport in the tourism product, the planned improvement of the tourism product extends across the entire range of visitor activity. It is possible to note only a few examples illustrating the various aspects of product improvement in tourism. In several countries, national tourist authorities sponsor projects to raise the standard of cooking; in most European countries, the state at national, regional and local levels has heavily supported the development of conference facilities - for example, Monaco's $ 15 million convention centre; the sporting and cultural facilities of many states (e.g. equitation, nature trails, arts and crafts) are heavily subsidised and promoted.

5.3.4 Improved Management

The varied physical improvements outlined above would not have materialised without the less tangible element of more professional management. To appreciate the significance of resource management in tourism, particularly in Europe, it is appropriate to identify and illustrate some of the more important elements involved. Within Europe, for example, there has been almost complete elimination of visas, accompanied by a steady reduction in visa requirements for visitors from outside Europe. This streamlining of pre-travel formalities achieved through better management is complemented by a smoother experience during one's trip: border crossings go

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(16) O'Driscoll (1978), p.55.
(17) In Europe, arrivals of tourists by road accounted for 60% of total arrivals in 1975, see ECMT (1979), p.18.

virtually unnoticed;[18] currency restrictions, including tedious documentation, have been reduced to a minimum; and revised customs procedures, such as the "nothing to declare" green channel system, all reduce the frustrations of travel and add to the tourist's experience.

In the area of long-range planning there have also been significant advances due not only to greater contributions but also to better management. Government sponsored vocational training programmes supply manpower at one level while schools and colleges train professionals up to the level of doctorate in tourism. This is not, however, merely confined to Europe. In Africa, for example, Kenya Utalii College, a Swiss-sponsored institution for training hotel and tourism personnel-developed a new course of study[19] in the hope that the future growth of the industry will be paralleled by a concomitant growth in human understanding and creative solutions to human problems; all geared to the improvement of the tourism product.

Research programmes supplement the work of educational institutions, supplying forecasts, feasibility studies, and economic-impact studies to tourism planners and investors. Providing a broad umbrella over all these efforts are programmes aimed at national planning - master schemes that integrate tourism as a component of national socio-economic progress, since without appropriate goals the process of identifying issues for the improvement of tourism products and, therefore priorities is complex and time consuming. In Canada, for example, in a Provincial Government Ministry, "a bottom-up" planning process was undertaken, which provided a learning experience for staff, but was time consuming and suggested that "top-down", goal oriented planning is likely to be more cost effective in the future.[20] The basic problems are again those of cost and resources.

Last but not least, "consumerism" has had its impact on the improvement of the tourism product, forcing the producer - mainly the tourism

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(18) This might complicate tourism statistics records and cause some additional problems such as the one which led to the assassination attempt on the Pope's life in 1981.

(19) For details see Blanton (1979)

(20) For details see Barrows (1979), pp.37-42.

industry - to manage better provision of services. These efforts may include hotel grading[21] and licensing, the licensing of tour operators, and may require the establishment of consumer protection offices. In the United Kingdom, for example, members of ABTA have agreed to follow the Codes of Conduct which are designed to protect and advise package holiday customers.[22]

The perception of state interest is only the first of three steps needed to turn theory and strategy into results. The second step must be to create a suitable organisational framework to allow efficient implementation. Europe, for example, is moving rapidly away from the traditional system, where the national tourism office is primarily a central publicity body, to the newer concept of a national tourism authority that sees marketing as one of many functions. It is no coincidence, for example, that Spain's department of tourism was recently moved from the ministry of information to the ministry of trade and commerce. Lastly to add to the two aspects already identified the all important component of capitilisation. With few exceptions, the activities listed above - better attractions, upgraded facilities, improved management - all call for the incurrence of expenditures in advance of the earning of revenue - i.e., injection of capital. All plans and efforts disintigrate without the will and ability to provide the necessary capital for product improvement in tourism.

5.4 Marketing of the Tourism Product

Tourism, as undergone study revealed, is a very diversified industry with vertical and horizontal integration into many aspects of the economy. Once a tourism product is available (e.g. accommodation with attractions, infrastructure and superstructure) it does not guarantee foreign tourists. It is the presentation of the overall tourism product to the industry and to the potential tourist that produces a demand for the product. This can only be accomplished by integrated marketing. According to Krippendorf,[23] marketing in tourism means "the systematic and co-ordinated execution of

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(21) See for example, Fuller (1966)
(22) See for example, Leaflet of Office of Fair Trading, "For your Protection Series-Package Holidays", London.
(23) Krippendorf (1971), p.28.

business policy by tourist undertakings, whether private or state owned, at local, regional, national or international level, to achieve the optimal satisfaction of the needs of identifiable consumer groups, and in doing so to achieve an appropriate return." As definition expresses, marketing is both a management philosophy and a set of business techniques based on modern understanding that is consumer-oriented marketing. It can be mechanised through the national and international channels of distribution, i.e., promotional offices, tour operators, direct advertising, and special event promotion, not only by the individual industry (i.e., hotel, casino, recreation centre, or resort) but most importantly by a national organisation representing all aspects of the industry to the international markets.

Individual tourist industries in developing countries are financially unable to reach the international markets successfully and have to rely on the national agency, usually the national tourism organisation of the country. Consequently tourism promotion has to be financed by the government and must be centrally controlled in order to provide a strategic marketing effort in promoting the tourism product successfully.

Internal (national) considerations such as national priorities, economic and regional development, employment, financial resources, natural resources, infrastructure and superstructure, socio-cultural development, administration (planning and control) and regulation together with external (international) considerations like trade, export/import, foreign exchange, foreign investment/financing, foreign relations, international transportation and competition involve the government in developing a tourism policy at all levels of the marketing efforts.

International considerations particularly emphasise the importance for the government to examine the aspects of tourism development and marketing in respect of the overall international development in trade and foreign relations with other nations. International tourism is therefore a vast area to be covered by promotion and advertising. The national tourism industry is, in general, financially unable to promote international tourism and therefore needs governmental support. Tourism promotional offices have to be set up in a multitude of countries; promotional material in several languages has to be distributed to meetings, to wholesalers, travel agents, and the press. This is a capital intensive and time-consuming investment and requires the availability and training of experts in the tourism field to be placed nationally and internationally in these organisations.

5.5 Channels of Distribution

The channels of distribution for promoting and advertising tourism are mostly through a government or semi-government controlled branch to the travel intermediaries and consumers. The promotion of tourism indirect by intermediaries of the industry, i.e., tourism and travel organisations, embassies, airlines, wholesalers (tour operators) and retailers (travel agents), travel industries, as well as by direct promotion and advertising to the public by newspapers, television, films, special events, public relations, tourism conferences and information booklets aimed at potential consumers to create the demand for the tourism product. (See Figure 5.3).

Since tourism is only occasionally promoted by the country directly to the end consumer (tourist), the emphasis of marketing the product is with the travel intermediaries mainly tour operators and travel agents. This can be best explained and supported by the argument put forward by Turner:[24] "The host government is in relation to the tour operators and airlines, much as the manufacturer of a food product is to the chain store which ultimately sells its product. In both cases the originator of the product (be it food product or tourist experience) can theoretically bypass the middleman and sell directly to the ultimate customer but in both cases, the middleman (chain store against tour operator or travel agent) holds most of the cards."

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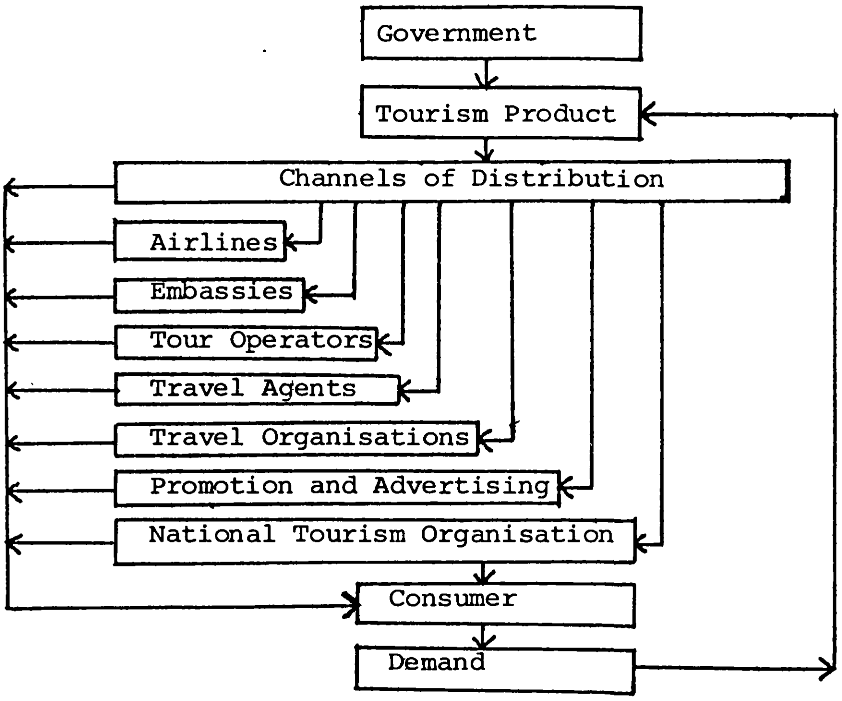
(24) Turner (1976), p.256.

Figure 5.3 Channels of Distribution for the Tourism Product



Not all travel intermediaries accept the tourism product promoted by the country and it initially has to be "sold", to them. This is especially the case with airlines, wholesalers, and travel agents who need to be convinced of the tourism product as a saleable item, since promotion and advertising are taken over by these intermediaries before reaching the ultimate consumer. Only the embassies and regional travel organisations, as well as larger international hotel chains and tourist resorts, are promoting and advertising the tourism product directly to the ultimate consumer, i.e., Hilton International, Sheraton, Club Mediterránee etc.

The means of reaching the direct and indirect consumers of the tourist product are different.(25) To the indirect consumers (i.e., travel intermediaries), the product is promoted by tourist brochures, public relations, special tours and events, and tourism conferences, and is in turn promoted and advertised to the ultimate consumer by the travel intermediaries via newspaper advertisements, television, radio, posters, pamphlets, and magazines.

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(25) For details in specific travel-industry segments and distribution channels see, Kaiser and Helber (1978), Chp.7, pp.216-229.

Direct promotion and advertising to the ultimate consumer are normally done by the national tourism promotional offices, embassies, and travel organisations with special reports, press releases, events, films, newspaper, television, radio and brochures and by the international hotel chains and resort clubs promoting their establishment in the tourism receiving country with specific advertising of their hotel or club through the media.

Between the direct and indirect travel promotion and advertising is a crossover with promotion of the tourism product to the travel intermediaries as well. The tourism product is distributed in the form of illustrations and information to the potential markets and consumers forming a demand for the tourism products of the country.

5.6 Market Research in Tourism

The relationship between consumer and product calls for market research in tourism. Market research can be defined as the systematic collection of information relating to the supply of and demand for a tourism product, in such a way that the information may be used by the tourism industry to formulate their policies and objectives.[26] Market Research is the basis for the marketing of any consumer product. If, for example, tourist flows can be analysed in terms of the products or packages bought, a very fruitful line of approach is opened up whereby broadly homogenous market segments can be identified in terms of consumers' habits and attitudes in relation to the packages bought, and these can be matched with broadly homogenous combinations of the tourism product element, or packages. The conduct of market research is thus a matter of providing managements with information. There are, however, two different situations in which management needs this flow of information: the case of a new tourism product, where its future place in the market has to be determined, and in the case of the monitoring of performance of an existing product. This distinction is an important one for in tourism there has been a marked amount of innovation in and improvement of tourism products and their marketing throughout the world in general and in Europe in particular as mentioned earlier.

(26) Burkart and Medlik (1974), p.201.

Within the framework of modern marketing, market research in tourism should be focused on consumers and their characteristics (i.e., socio-economic status such as age, sex, income, occupation, origin and travel motivation) in order to produce the right tourism products at the right place and price and to market them through channels of distribution and promotion (known as the four "Ps" in marketing).

In recent years, for example, tour operators have become increasingly involved in marketing a new kind of holiday, the special interest package which can be adapted to fit in with existing arrangements for package holidays - charter flights, and hotels. Many hotels as far afield as Yugoslavia and the West Indies have been building excellent golf courses (product innovation) in recent years a lot of them with reduced rates for hotel residents and lessons at special rates from golf professionals. British Airways, for example, in association with one of the biggest operators of mass packages, Sovereign and Enterprise, provides golf package tours worldwide, especially in Europe, Bermuda and the United States.[27] Furthermore, various tour operators have been organising and promoting special packages to unusual tourist destinations such as Alaska, China, Cuba, Greenland, Iceland, Mongolia etc., under the brand name of "escorted sightseeing tours".[28]

Whatever form the efforts take, the key point in market research remains to be assessing and converting consumer purchasing power into effective demand, emphasising market segments and their format in order to produce "saleable" tourism products and improve them according to tourists' needs and wants.

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(27) Like winter sports, golf is an important attraction in boosting "off-peak" sales. For details on special interest package holiday market, its size and growth and particular problems of organisation and marketing experienced by the specialist tour operators in the U.K. see EIU (1978), pp.48-56.

(28) One of which is "bird watching holidays" offered to Turkey together with some tourist destinations which are located on the route of migrant and rare birds, as observed from the pilot study in the U.K. in 1980.

5.6.1 The Consumer Market

The consumer (tourist) market can broadly be divided into two main categories; (a) potential consumers and (b) actual consumers. Potential consumers are usually first-time travellers and once motivated to travel, usually experience intra-regional tourism before experiencing inter-regional tourism.

Actual consumers are people with experience in international travel thus they are more attracted by inter-regional tourism. The category of consumers attracted by individual countries depends on the logistics of the tourism destination for potential travel - generating markets. Furthermore, a tourist market may be identified corresponding to each tourism product. In this sense the term, market is used to describe the collective of buyers (actual and potential) of each tourism product. The identification of this corresponding market, a segment of the total market, is of the greatest importance. If the marketing effort is to be cost-effective, it must concentrate on a specific fraction of the total market which is likely to be attracted. Segmentation[(29)] of the tourist markets into, say, the holiday, business and, the common interest tourists (visitors for friends, relatives and for education and pilgrimage), is the means of reducing over dependence on one market or a section of it. Segmentation, therefore means the identification of a section of the total market that comprises potential and actual tourists by purpose, by socio-economic factors or behaviour or similar characteristics. Since the financial resources may be limited, the development of different campaigns for different market segments may not be feasible. In such cases, information about psychographic pattern is shared by large proportions of the total market and is most helpful in developing a "shotgun" advertising campaign - one aimed at hitting a large number of potential consumers in the total market, however, when more funds are available, the "rifle" approach (where smaller, specific target markets are identified and advertising is directed towards these segments) has been shown to be more effective.[(30)]

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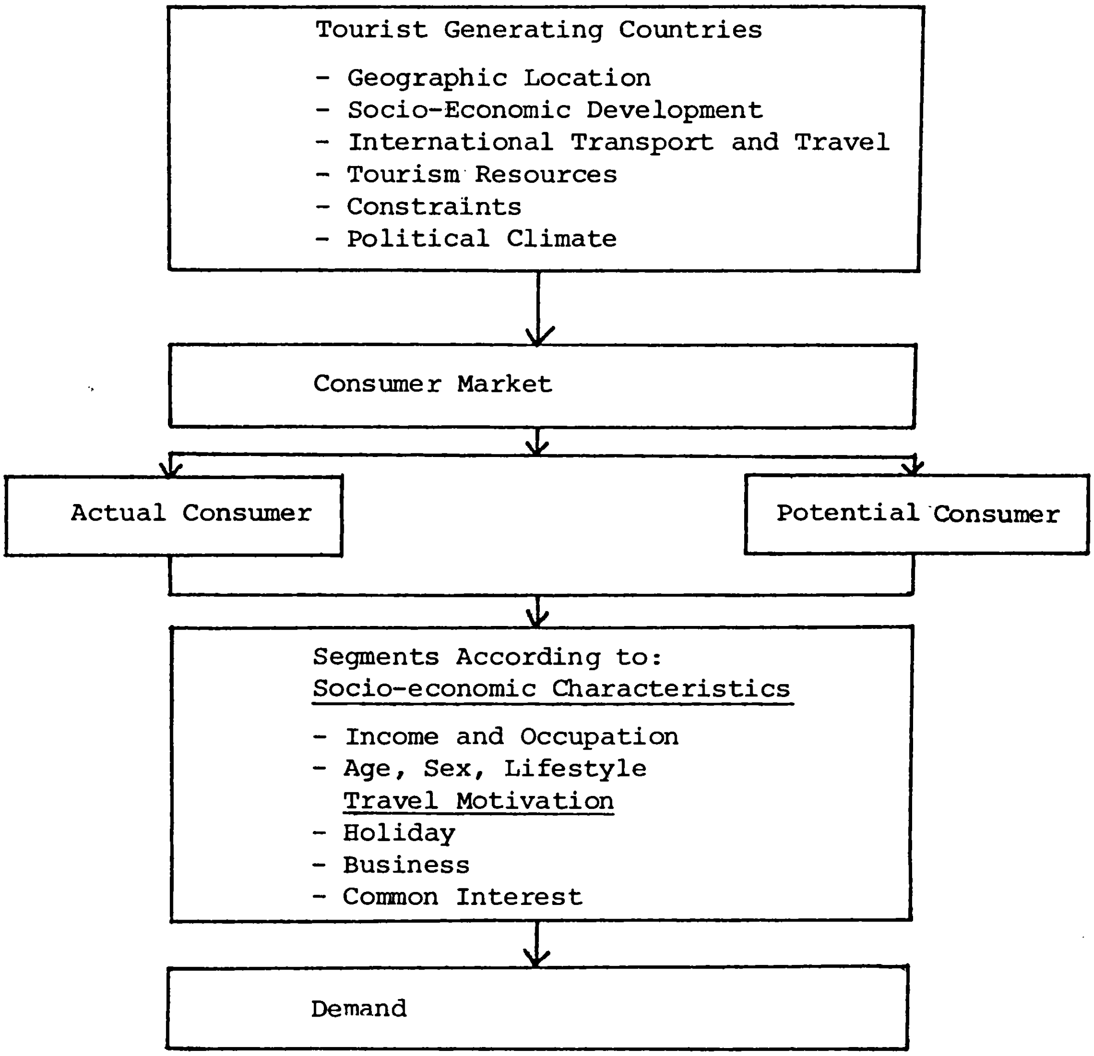
(29) For a better understanding of segmentation in general see James (1972), especially pages 85, 94, 166, 218, 273.

(30) See Schewe and Calantone (1978), pp.14-20.

In marketing the tourism product, to international markets and consumers, a detailed and carefully prepared market analysis of actual and potential tourism generating countries and segments of consumers in particular has to be conducted (see the following figure).

Figure 5.4 Analysis of Consumer Market



As shown in Figure 5.4, the market analysis should include information about the economic, political, and social conditions as well as the tourism resources and constraints of the total market. The socio-economic analysis of the consumer shows the economic and social profiles of the tourism consumer and can further take more detailed factors to give an accurate picture. The promotion activities including the advertising of various channels of distribution create the travel motivation of the potential and actual consumer; creating the demand on the tourism product. The travel motivation, particularly for holiday depends on the nature of tourism resources such as novelty vs. familiarity, isolation vs. integration, natural vs. man-made resources, i.e., the actual country or fantasy world and hospitality of the receiving country. The market analysis should also include the consumer's motivations to travel to determine the tourism product development and the proper marketing strategies.

5.6.2 <u>The Travel Decision Process</u>

Consumers' travel decision may be divided into four distinct phases : the perceived need and desire to travel, information gathering and deliberation, the decision to travel, and the travel preparation, all resulting in events and decisions due to major influences and considerations, i.e., why, when, where and how (see Table 5.1).

The travel decision process clearly reveals the need for good timing in the promotion of a tourism destination. The potential consumer has to be motivated sufficiently to enter the tourism need phase and to be receptive to the promotion, therefore the choice of destination with information gathering and deliberation will be reduced and will lead to a faster and more definite decision on the tourism destination. From the time that the decision is made, until the actual departure for a tourism destination, marketing the destination is still important in supporting the traveller in his decision. This is especially important for travel in the main season of the tourism generating countries due to the increase in and intensity of tourism destination promotion in the pre-travel season.

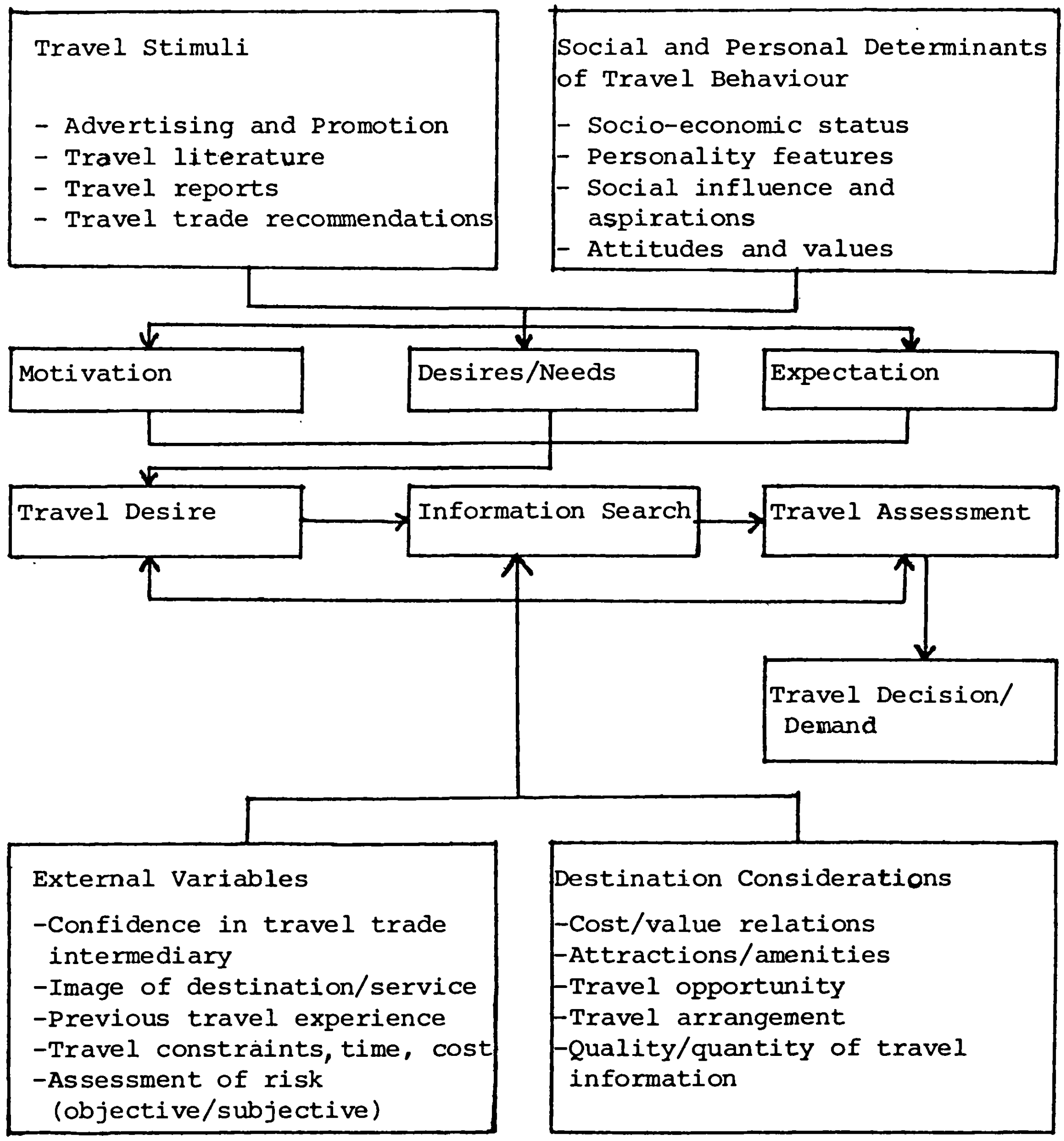
A travel decision model for a consumer has to include his social and personal determinants of travel behaviour, the travel stimuli from the travel industry and intermediaries and the external variables of tourist destinations (see Figure 5.5).

Table 5.1 Travel Decision Process

Phase	Events and Decisions	Influence and Considerations
Tourism need	- Perceived desire to travel - Evaluation of reasons for and against travel without specific information - Collection and evaluation	-General travel motivation -When to travel -How much can be spent -Previous travel experience -Exposure to travel destination promotion
Information gathering and deliberation	- Study of travel catalogues and advertising, consulting friends and travel agents	Travel advertising and promotion, advice and suggestions from friends and travel agents
Decision	Deciding on - Destination travel mode - Timing, budget - Intermediaries and tourism service enterprise	Perceived average -Tourism destination promotion -Previous Experience -Image of potential destinations -Travel intermediaries' advice
Travel Preparation	- Bookings and confirmation - Travel funds and equipment	-Travel intermediaries -Bank, visa, health

SOURCE: G.A.Schmoll, "Tourism Promotion," Tourism International Press, London, 1977, p.57.

Figure 5.5 Travel Decision Model



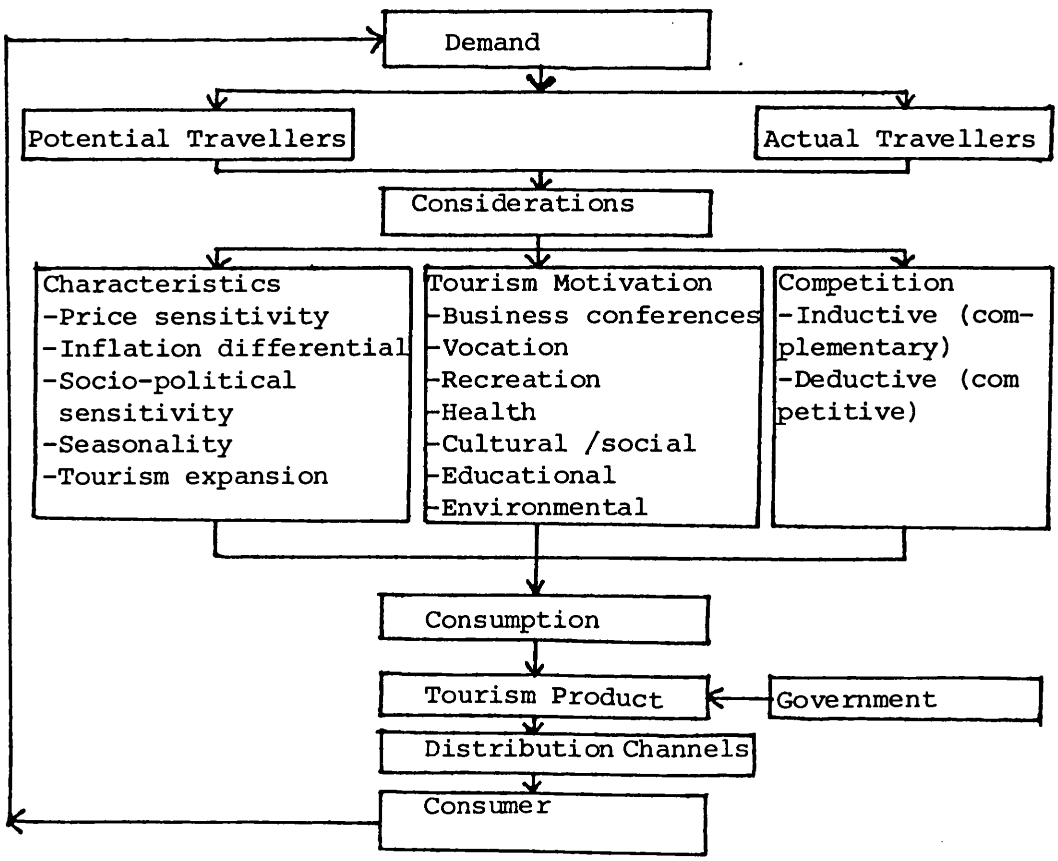
SOURCE: G.A.Schmoll, "Tourism Promotion", Tourism International Press, London, 1977, p.62.

5.6.3 Demand

Demand generally means the consumer's wish to buy a commodity or a service sometimes a combination of two at a given price in a given period. In the real world, it is clear that many factors other than price affect demand. Demand for tourism can, similarly to the consumer market, be divided into potential and actual demand. The potential demand is the number of people who are in a position to travel, and the actual demand represents those who actually travel to foreign destinations.

In marketing a particular country's tourism product, the main objective is to divert the actual demand for travel into the country and to motivate and attract the quantitative difference between potential and actual demand into the country as well. Tourism demand analysis has therefore to consider the characteristics, motivation, and competition of international tourism, all of which influence the government policy, the formulation of the tourism product and its marketing in any country concerned. (Figure 5.6).

Figure 5.6 Demand Analysis in Market Research



In analysing tourism demand, the considerations show the diversity in characteristics, motivation for travel and competition involved. Although factors contributing to the growth of demand and demand analysis for international tourism have been analysed in the second and fourth chapter respectively, some characteristics of demand such as price sensitivity, inflation differential, socio-political sensitivity, seasonality and tourism expansion together with motivation for and competition in travel will be examined here since they closely relate to and are elements of market research in tourism.

5.6.3.1 Price Sensitivity

Economists have emphasised the price variable in describing the level of demand for centuries.[31] Given the central role played by price in economic theory, one might expect a similar emphasis in tourism marketing.

Tourism demand, particularly for the holiday, is highly sensitive to both the absolute level of price and to changes in prices. This is particularly strongly felt in newly established tourism products, which over time may be reduced because of the reputation or fashionability of the tourism product, and repeat visits by consumers.

Pricing in tourism is a very complex matter, particularly where the individual suppliers of the tourism product such as airlines, hotel groups, and so on, determine their prices independently of one another. The decision has to be made whether to seek small volume and high yield revenue and high profit margins, or alternatively to seek large volume, low-yield revenue, and small profit margins- a marketing policy which in turn shapes the tourism product of the country concerned.

While there is no doubt that income is a major determinant of foreign travel spending, prices also influence travel spending abroad.[32]

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(31) Although there are non-price variables, microeconomic theory and general equilibrium theory are largely price theory. For example see Henderson and Quandt (1958)

(32) For United States' case see, Kwack (1972), pp.245-256.

Depending on the price level of the product, it can induce or reduce the tourism flow but it is not the only major factor in attracting tourists. The tourism product has to be acceptable to the overall international tourism standard, i.e., hotel classifications with available infra- and superstructures. Today, many destinations are picked out from tour operators' or travel agents' catalogues with the choices of destinations grouped by the prices of all-inclusive tours to a wide range of destinations. Evidence suggests that there is very little brand loyalty exercised by holidaymakers. As the biggest factor is usually price, all operators know the importance of pitching their prices right and reflecting them in their brochures.[(33)]

5.6.3.2 Inflation Differential

Inflation means a time of generally rising prices for goods and services and factors of production.[(34)] The tourism industry is closely interconnected with many economic activities and is exposed to inflation within the country. An increased inflation rate of tourism prices is generally caused by seasonality, with high demand on the tourism products causing an increase in prices, and many times with demand exceeding supply. Where suppliers raise their prices due to a shortage in some commodities or articles in the market, or because of a rise in the standard of living, the tourism product is bound to rise in price as well. If tourist-receiving countries have a different differential inflation rate from tourism-generating countries, a shifting of the tourism flow to the lower inflation rate country will occur due to the competitive price advantage of its product. A similar situation is caused by the fluctuation in exchange rates. A currency devaluation in a tourism country will cause a greater influx of tourists into the country and a revaluation will result in a decline of tourism flow to the country. This fluctuation in exchange rates can cause considerable changes in the flow of world tourism. There is no doubt that tourism demand is to a large extent determined by and sensitive to changes in relative prices and, in particular, to devaluations and revaluations of exchange rates.[(35)]

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(33) Lancaster (1979), p.42.
(34) Samuelson (1964), p.268.
(35) For comprehensive illustration of the matter see Gerakis (1965), pp.365-384.

5.6.3.3 Socio-political Sensitivity

It has been evident that tourism demand is highly sensitive to socio-political conditions and changes not only in the tourism destination country, but also in the tourism-generating country as well. A good political and social climate that prevails between tourist-generating and tourist receiving countries is a positive factor for tourism flow between countries. Destinations which undergo certain political unrest and social upheavals are not attractive to tourists. Cuba, the Spanish Basque Country and of late Iran, do set good examples for the point in question. It also appears to be the case that political - cultural barriers or antipathies can alter the flow of tourists. For example, few American negroes would think of spending a fun-filled vacation in South Africa, American feelings about "Gaullism" may help account for the relative fall-back in American travel to France since 1958(36) and Scandinavians who found the regime repugnant between 1967 and 1974 stayed away from Greece in their masses.

5.6.3.4 Seasonality

Seasonality in tourism demand is mainly caused by considerable variations in the climate throughout each year, in winter, summer, the hours of sunshine, rainfall, snow etc.(37) Apart from this "natural seasonality", tourism demand is subject to "institutionalised seasonality" due to holidays and other events at specific times of the year, e.g. Christmas, festivals and summer vacations of schools, universities and many places of work. Tourist movements and the resultant activities of the suppliers and many other enterprises involved are affected in marketing by the seasonality of demand, therefore an evenly or semi-evenly distributed tourism demand throughout the year is difficult to achieve which causes incomplete utilisation of the means at the economy's disposal. An over-demand on the tourism

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(36) Williams and Zelinsky (1970), p.564.

(37) In recent years, economists, statisticians and managers have come to appreciate the importance of the seasons in regard to many business and other activities including agriculture, transport, commerce, construction, foreign trade and employment. For details see BarOn (1973 and 1975)

product occurs in the peak season with overcrowding of tourists, high employment and reduced service, whereas during the off-season low productivity, unemployment and limited income are predominant. It is therefore very important to consider marketing strategies to spread the seasonality of tourism demand.

5.6.3.5 Tourism Expansion

The increase in economic affluence in tourism generating countries permits a wider base of the population to participate in tourism activities. Long distance travel has been overcome with new technology in air transport, and the mass media promote travel to new tourism resorts and further destinations. With the increase in discretionary income and leisure time, people are becoming more able to travel to the desired climatic or environmental conditions, pursue a wider range of recreational activities and develop the off-season and peak season, two-vacation travel per year, i.e., winter and summer vacations. This development increases the demand on tourism products with a greater diversification of motivation for travel.

5.6.3.6 Tourism Motivation

The motivation for people to travel can be for a specific reason or a multitude of different reasons. The traditional commercial motivator for travel is, however, vacation and recreational tourism. In the past, business and the organisation of conferences motivated people to travel to a country and combine their stay with tourism in the country. Health, education, environment and foreign culture/ society as motivators have been new developments in the last two decades, with increased exposure and knowledge about foreign countries, sometimes called social or educational tourism. International tourists are today looking for contrasts in environment and culture. Although, climatic, scenic and cultural attractions are listed as the highest motivators and reasons for international travel, further research is needed for each individual country concerned among their main generators in order to produce the right tourism product and to improve it accordingly.

5.6.3.7 Competition

Even before the oil price rises in 1973 and 1974, there were signs that the tourism industry was becoming more competitive. The competition between destinations became more severe as the high-spending, individual tourists who had pioneered destinations like Spain, moved on to Greece, North Africa and towards the Far East or the Caribbean. This meant that profit margins were squeezed with, for instance, the Greeks finding that average spending per head during the 1960's declined from $126.5 in 1961 to $120.3 in 1970, even though the average length of stay actually increased slightly.[38] Likewise, destinations can now lose business if they do not produce exactly the right mix of tourism products for the tourists, as Tunisia found when its booming industry fell out of favour in 1973 and 1974 because tourists resented paying astronomical prices for food and drinks and facilities.[39]

Increasing introduction of package holidays not only accelerated the competition between countries but also between tour operators domestically and interntionally. In the United Kingdom, for example, any organisation able to satisfy the requirements laid down - which mainly relate to financial standing - is given a licence to organise tours abroad. Besides, established tour organisers are likely to face increased competition as large companies from outside tourism seek and obtain licences.[40]

At international level tour operators are entering into a new competition phase with each other. Intac, for example, a Turkish tourism company is meeting French and German demand by the Greek tourism product thus Turkey can obtain foreign exchange earnings in this unusual way which is gaining support from the Union of Turkish Travel Agencies.[41] However; generally speaking, competition in terms of arrivals can be classified into "inductive" and deductive". Inductive competition is where a country is within a region that has high quality tourist resources with a spill-over effect into neighbouring countries. This means that some countries

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(38) Turner (1976), p.254.
(39) Ibid.
(40) Hennssey (1973), pp.120-123.
(41) Cumhuriyet (Turkish Daily Newspaper), "Türk Firmalari Avrupa'dan Yunanistan'a Turist Getiriyor", 27th June 1981

can attract a high level of interregional tourism which generates intra-regional tourism to a neighbouring country provided it has complementary tourism characteristics and motivation satifaction. Therefore, tourists who have been motivated to visit the primary country will visit other countries within the region. This is usually the case for long-distance tourism to one country, i.e., from the United States or Japan to Italy as the primary motivator and stop-over visits to Greece, Turkey, Egypt and Malta or Cyprus.

Deductive competition is between tourism-receiving countries within the same region or the same distance away from the tourism-generating country offering similar or identical tourism characteristics and motivation satisfiers, i.e., from the United Kingdom to Greece, Yugoslavia or Turkey.

5.7 The Organisation of Marketing Efforts

The organisation of marketing efforts in any country varies very widely depending upon the development of the tourism industry and the political, economic and social system of the country concerned.

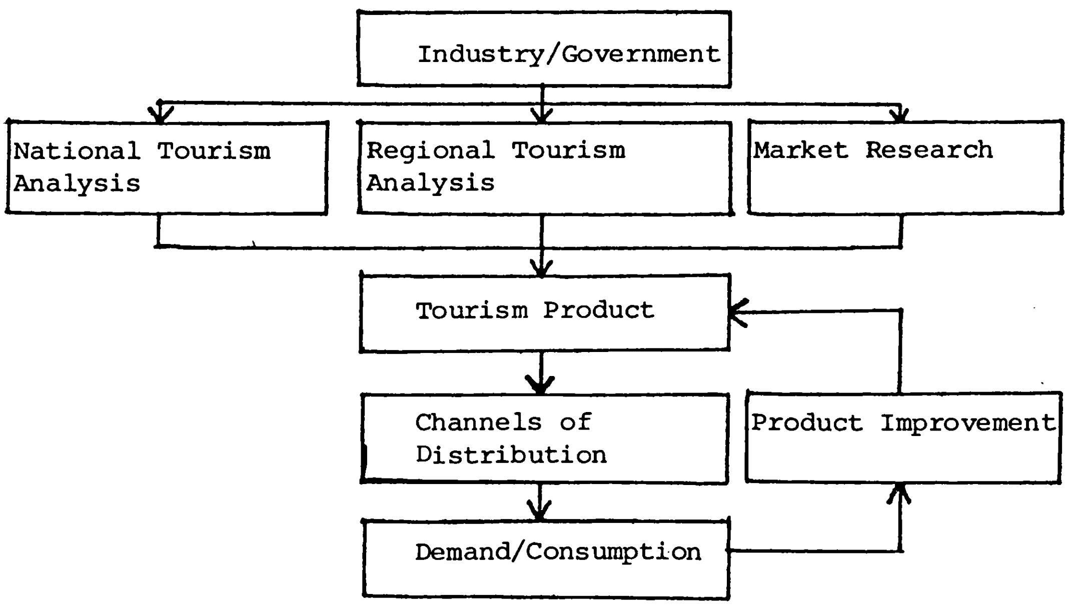
5.7.1 In New Tourism Developing Countries

For countries without a large tourist trade, the initiative for developing a tourism product and the marketing of it can come from either the private industry (domestic and foreign) or from the government realising the tourism resources of the country. Generally both are needed since the tourism product is too intricately involved with the national development and the necessary infra- and super-structures.

Firstly, an analysis of regional tourism in neighbouring countries has to be done to evaluate the tourism products and consumers in those countries. The national resources have to be examined with an evaluation of the overall environment, especially the infrastructure with the transportation (accessibility) of the tourists to the country and to the tourism destination area within the country.

A preliminary demand analysis for the potential of the tourism resource development and consumption can be done on hand with the tourist in the intra-regional area and the travel intermediaries of the intra-regional tourism originating countries. From demand analysis, tourism resources can be inventoried to the travel motivation of customers from the main tourism-generating countries of intra-regional tourism arrivals. This means the analysis of where foreign tourists come from, for what purposes, for what attraction of tourism resources, and from what range of population (socio-economic considerations). Then; planning for project developments in stages, following the principles dealt with in the previous chapter, can be drawn up according to sound market research and, the travel intermediaries of the distribution channel can be supplied with information and promotion material. After establishment of the initial tourism flow to the country, additional market research has to be undertaken to provide an improved tourism product. (See Figure 5.7). Although in such cases marketing and its organisaton seems to be on the shoulder of individual suppliers, government is to be involved sooner or later for the reasons previously argued.

Figure 5.7 Organisation of Marketing Efforts in New Tourism Developing Countries



5.7.2 In Tourism Established Countries

In most countries which are substantial receivers of tourists, a national tourist organisation generally encourages and organises the marketing activities of both the country and the individual tourism suppliers to a larger extent although in various degrees. In some countries, such as Spain and the Soviet Union, for example, the tourism industry and its marketing is centralised and largely dominated by the government, whereas in others, such as Britain and Austria, the industry and its marketing is decentralised with minimum governmental interference.[42]

The marketing approach and its organisation in these countries usually starts with an analysis of the consumer following a similar pattern to those dealt with above having strong governmental influence pioneered by a national tourism organisation. The importance of tourism in the national economy is likely to influence the character of the organisation. Where tourism is well developed and of substantial economic importance, the organisation is likely to be well developed also, and the government actively concerned, as happens in the case of France and Italy. There is no set formula as to what constitutes the most satisfactory constitutional arrangement for the national tourism body that takes up the marketing function.[43] It does include, however, the development and control of the tourism product components laying down laws and regulations in government tourism policies as regards production of the tourism product, distribution and advertising and promotion. Besides these, regular market research is undertaken to identify the consumer and evaluate demand, to produce and improve the tourism product, and to provide the consumer with it. Placing all the components of travel marketing together illustrates their high interdependency and the role of the national tourism organisation. It is very important that any new development or change in the market and within the travel sector will affect all other travel components. This calls for the full understanding of the total system in any decision making and in the overall long-range planning of the industry. (See Figure 5.8).

(42) Robinson (1976), especially chp. vii, pp.81-93.
(43) OECD (1967), p.20.

Figure 5.8 Organisation of Marketing Efforts in Established Tourism Countries

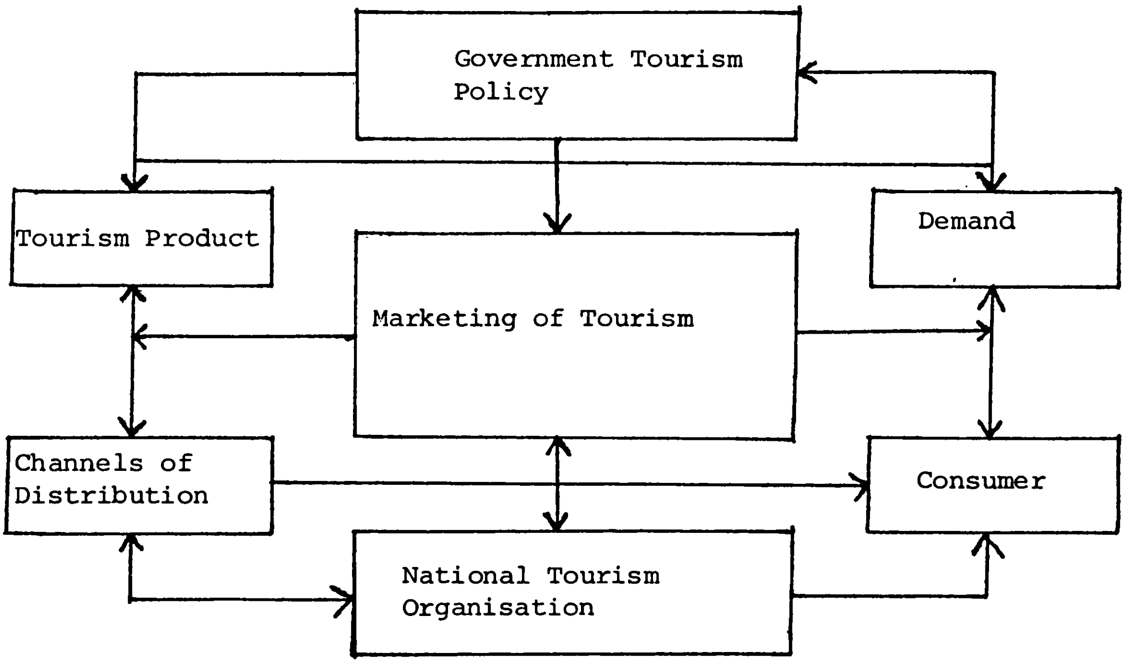


Figure 5.8 shows the key role of the national tourism organisation, which is an extension of government tourism administration including the responsibility for the tourism education of the entire population as marketing also involves interpreting cultural experiences for tourists.(44) Most Southeast Asian governments, for example, license official guides spending millions of dollars annually to attract tourists, partly by presenting a picture of the local culture. Singapore's Tourist Promotion Board, for instance, spent $ 6 million in 1974 for the 1.4 million visitors who came.(45) In addition, in some countries, particularly in the Caribbean where tourism had strong cultural effects, governments have undertaken campaigns directed at their own citizens, encouraging a more friendly attitude towards tourists. These examples suggest that the marketing efforts and organisation by the state do go beyond the creation of the tourism product and the marketing of it abroad.

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(44) For comprehensive coverage of the subject in Asia see; Wood (1980), pp.561-581.

(45) Far Eastern Economic Review 87, "Recognising the Need of Cohesive Policies", No.11, March 1975, p.4.

5.8 Main Problems in Marketing Tourism Products of Developing Countries

In order to be able to understand the marketing practices in full, one has to look at the other side of the coin that is, the activities followed by the tourist enterprises mainly tour operators, airlines and hotel groups of the major tourist generating markets as channels of distribution for tourism products of developing countries.

Although foreign exchange leakages and other related revenue distortions due to the structure and nature of the tourism industry in developing countries have been dealt with, here main marketing problems will be identified in order that developing countries may rectify them and obtain better utilisation and further benefits from the tourism industy.(46)

5.8.1 Problems Arising from the Structure of Distribution Channels

Developing countries have little influence over the sales of their products through tour operators and travel agents since both are invariably located in the tourist-generating countries. In addition, lack of contact between these two groups usually results in tour programmes being limited in the range of attractions and facilities featured in brochures, thus limiting potential sales and, aiming at attracting a type of tourist sometimes contrary to the tourism policies persued in developing countries (e.g. the low-spending tourist). Programmes may also use only a small proportion of the tourism product of the host country e.g. only the airport/hotel transfers and optional excursions leading to reduced earnings for developing countries.

5.8.2 Problems Created by Integration of Distribution Channels

The ever growing trend towards vertical and horizontal integration of distribution channels in tourist-generating countries to hold on to the industry from start to finish has been the main concern of developing countries. For example, the airlines have developed international hotel chains to accommodate the touriststhey carry

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(46) For details see, IUOTO/WTO (1975), pp.101-139.

(Pan Am owns Inter-Continental Hotels, TWA owns Hilton International, a group of European Airlines own the Penta Chain etc.,), while tour operators have built up their own airlines to carry the tourists they attract and have invested directly in many of the hotels to which they send their clients.(47)

The development of computerised reservation systems has increased the power such companies have, since it means that they can ensure higher occupancy rates for any of the hotels they link to such a system. This is, for instance, one of the strengths of Holiday Inns which has expanded widely through franchising; foreign investors put up the money to build up hotels, which by taking the name "Holiday Inn", and by being linked to that company's computer terminals, will attract more people than similarly designed and more also than located hotels without these advantages. This high centralisation of the marketing practice is resulting in the control of a very high proportion of sales by only a few organisations, creating an oligopolistic situation. One result of such concentration is the rapid expansion of multinational corporations with expertise and interest in all marketing activities in tourism - airline operation, hotels, tour operation and local transport facilities in tourist-receiving countries. As a result, these large organisations retain a large proportion of the revenue gained, and hold a very strong bargaining position with the local tourist industry, influencing demand beyond the reach of receiving-countries. "This aspect highlights the importance of marketing present-day tourism and the need for developing countries to conceive and adopt strategies capable of counteracting these trends."(48)

5.8.3 Problems in Promoting Tourism Products

The main objective of promotion of tourist enterprises constituting distribution channels is undoubtedly to increase the sales of their particular tourism products. Their advertising, therefore, concentrates on the creature comforts and facilities available in the destination featured, and tends towards faster traditionally held (and, frequently, incomplete, or inaccurate) "images" of these

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(47) Turner (1976)
(48) IUOTO (1973)

countries, about which many governments of receiving countries are dissatisfied.

As mentioned, national tourism organisations, embassies and, tourism offices, carry out promotion (through media) in major generating countries but, owing to the expense of such activities in Europe, North America and Japan (main generators) promotion is limited and consequently, much of the burden falls on the tourist enterprises. Tourist enterprises, however, are essentially conservative in their approach to advertising as their aim is to increase sales thus profits and they tend to ignore the promotion of those countries who do not improve their tourism products. Tourist product improvement is therefore, essential as it is the case in the marketing of other products in other industries. Product improvement can be best launched with further contact between developing countries and the channels of distribution in order to create the right image for the tourism product concerned.

The problem for the receiving countries seems to be how to short-circuit the whole process by selling directly to the tourist, or by ensuring that the business generated by the airlines and tour operators is at least partially diverted to airlines and hotels from which the host country will receive a better economic return. Direct-selling is probably economically unjustified since national tourist organisations in generating markets will only attract potential tourists who have already made up their minds. Although the best solution for developing countries seems to be to control the distribution channel by setting up their own sales offices in the major generating countries, for reasons of finance and manpower expertise, this is a long-term solution. The best compromise solution therefore, remains to be for these countries to work closely with foreign distribution channels, (mainly with tour operators and travel agents), recognising and accepting each other's objectives (and the differences in them) and thus sharing the responsibility (and costs) of the promotion of tourist destinations.

5.8.4 Problems of Mass Tourism

Widespread recognition of mass tourism as the main means of reducing the costs of tourism and thereby of increasing tourist flows is not always accepted by all tourist-receiving countries on the grounds that in addition to socio-cultural damage, benefits are not sufficient. Evidence suggests that this is true where the receiving country has not developed its tourism industry. For example, the net proportions of total expenditure accruing to the destination depending on its geographic location, type of transport and ownership, the nature of ownership of accommodation used, socio-economic characteristics of tourists, and catering arrangements are: for a short-haul like Spain and Tunisia : 38.5 - 51 per cent; for long-haul like India: 28.5 - 48 per cent.[49] The main reasons for such results can be best explained by the problem of the integration of foreign tourist enterprises (distribution channels) namely again their ability to negotiate very low rates for tourism products provided by the host country.

5.9 A Suggested Overall Comprehensive Strategy

Today's modern understanding of marketing does not only cover the sales of goods and services produced but includes the production of them so much so that it goes beyond the production to the identifying and analysing of consumers' wants and needs which ultimately form the demand. It has been evident that study has so far shown that this is so in the case of the field of international tourism.

Socio-economic, socio-cultural, environmental and socio-political characteristics of international tourism and their complexity and inter-dependency call for a neutral analysis of impacts and an overall apporach to the long-range planning, production and, marketing of tourism products. Since, however, tourism is about movement of people, it has also long-lasting after sales effects which concern the future formation and living patterns of societies in different economic and political environments. It is therefore, most imperative that the whole industry should be properly controlled under the governments' constructive intervention and, supported financially and regulated realistically.

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(49) Cleverdon (1979), p.66.

It is becoming more evident that almost all developing countries and their tourism people are concerned about excessive levels of foreign participation in their local tourist industry which some look upon as a way out of their underdevelopment. They are also aware that the higher the level of foreign participation, the greater the cost. Many countries, while aware that foreign ownership represents a drain on their tourism revenues, accept a high level of foreign participation as inevitable since they lack financial and manpower resources in the production and marketing of their tourism products.

A full scale comprehensive cost-benefit analysis of every tourism country under a different economy and political administration would have undoubtedly shed some light on some aspects of tourism which may have been, so to speak "kept in the dark". This however, goes beyond the scope of this study and it is repeatedly difficult to accomplish, particularly in developing countries such as Turkey.

PART III

TOURISM IN TURKEY IN AN INTERNATIONAL CONTEXT

CHAPTER 6

THE SOCIO-ECONOMIC AND POLITICAL ENVIRONMENT SURROUNDING THE TOURISM INDUSTRY IN TURKEY

6.1 Introduction

The First World War ended with the defeat of Turkey together with Germany. By the provisions of the Treaty of Sevres, various parts of the country had been occupied by the Allies, namely the United Kingdom, France and Italy. The province of İzmir and the surrounding lands, furthermore, were left to Greek occupation. A short period after the beginning of the War of Independence, The Turkish Grand National Assembly was established in the year 1920. The Assembly declared to the World that the Treaty of Sevres was no longer in force. In contrast to the passivity of the Allies, the Greek occupation forces attempted to continue their campaigns inside Anatolia, but were defeated by the Turkish Army led by M.K. Atatürk. After the country was freed from foreign occupation, the Republic was declared in October 1923. Following this date, a series of reform movements was undertaken in social, political and economic fields.

The process of development is a very complex one with economic as well as political and social ramifications. Any study undertaken in business studies is therefore bound to take these interests into account.

The environment of the tourism industry in Turkey is, as in other countries constantly changing, creating new threats and new opportunities for the related tourism establishments and firms which in turn are constantly responding, and in the process they may create a new environment for themselves and others.

The interactions between the firms and their relevant environment can be usefully viewed through the perspective of ecology as has been developed by Kotler[1] in the field of Marketing. Ecology is the study of the mutual relations between organisms and their environment and teaches that these relations are in a delicate balance, such that any disturbance creates far-reaching consequences. This is as true in the business world particularly in tourism, as it is in the physical world. In the course of investigating the question as to whether tourism should be incorporated in a future strategy for development in Turkey, and in the light of the above general frame, it will be necessary to look at the socio-economic and political issues and their components in order to identify problems and potentials which affect the tourism industry and thus socio-economic development.

6.2 Physical Aspects

Turkey is one of the countries very influential in affecting the World balance with its unique geographical location and position as a central bridge connecting the two continents of the Old World, Asia, and Europe (sometimes called two continents, one country). Further, it occupies a middle position between the North Pole and the Equator. With this geographical position Turkey is extended between 42^{o} and 36^{o} north latitudes and 25^{o} and 44^{o} east longitudes.[2] The length of the country between the extreme Eastern point at the intersection of the Turkish-Iranian-Soviet border, and the extreme Western point of the Cape of Avlaka at the island of İmroz is 1,600 kms. (1,000 miles), causing a 76 minute difference in time between the two points. The 30^{o} Eastern longitude, therefore, has been accepted as a base to maintain uniformity in the use of time throughout the country putting Turkey two hours ahead of the Greenwich meantime. Its width between the extreme Northern point of İnceburun at the province of Sinop and the extreme Southern point of Beysun village at the province of Hatay 600 kms. (375 miles). The country is therefore a peninsula, rectangular in shape in general, and is surrounded by sea on three sides: The Black Sea on the North, the Aegean Sea on the West and the Mediterranean on the South having a coastline that exceeds 8,200 Kilometres (5,125 miles).

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(1) Kotler (1972), pp.51-87.
(2) İzbirak (1976), p.11.

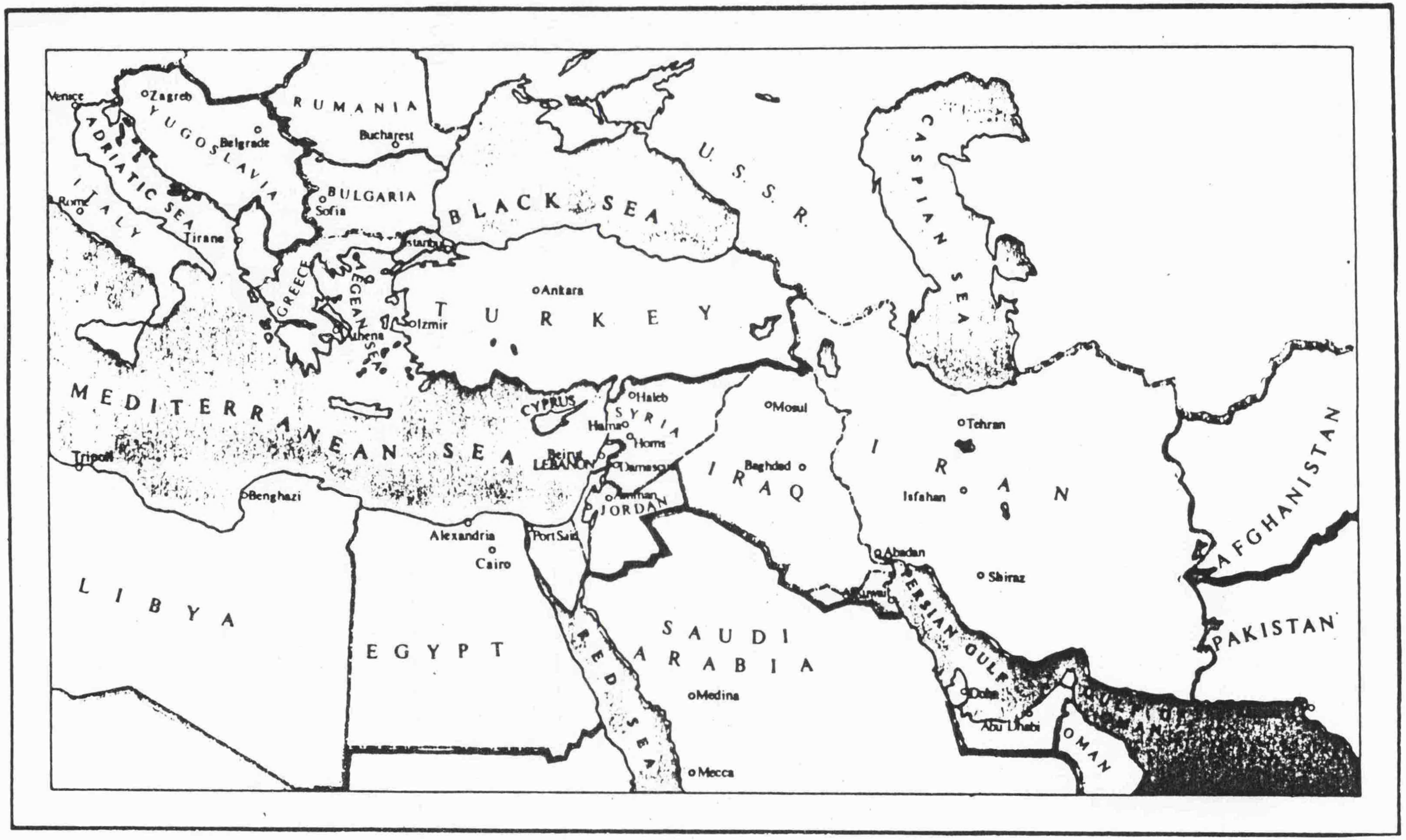
The length of the mainland frontiers of Turkey with various countries is 2,753 kilometres (1,720 miles): The Soviet frontier in the East is 610 kms. (381 miles), that of Iran in the East and South is 454 kms. (284 miles), those of Iraq and Syria in the South are 331 and 877 kms. (207 and 548 miles) respectively, and those of Bulgaria and Greece in the North-West are 269 and 212 kms. (168 and 133 miles) respectively. The frontier between Turkey and Greece, however, exceeds 1,000 kms. (625 miles) in length due to the existence of the islands belonging to each in the Aegean, and the Mediterranean Sea (see the map).

6.2.1 Land Features

With its location in the world, Turkey helped many tribes and civilisations in their movements from East to West and even today she preserves the importance it possessed throughout centuries in terms of geopolitics. Turkey is basically a highland. The altitude increases as proceeded from West towards East and gives an average altitude of 1,132 metres. The mountains in the country are extensions of the Alpine-Himalayan system. In contrast to the mountain ranges running parallel to the sea in the North and South, they came down perpendicular to the Aegean Sea, which itself was formed by land slides.

The North Anatolian range lies in the East-West direction in the form of several chains, coming close to the Black Sea coast and elevates towards the East, but gets lower and more separate towards the West with wider valleys in between. The highest point of these mountains is the Kaçkar summit (3,937 metres). The Zigana Pass on the Turkish-Iranian transit highway is the main passage through the mountains of this region.

The chains running parallel to the Mediterranean Sea in the South are the Taurus Mountains with their highest point, the Reşko Summit, lying in the Eastern part of the range in the province of Hakkari (4,168 metres). Although a little higher than the North Anatolian Mountains, the Taurus range provides a more easy passage. These



Map 6.1 TURKEY AMONG THE THREE CONTINENTS

two ranges come close to one another in Eastern Anatolia to form the highest part of the country. The highest mountains of this region are also the highest summits of Turkey, namely the Büyük Ağri and Süphan with altitudes of 5,165 and 4,434 metres respectively. There are no mountain ranges in the West and the mountains of this region are not high. They lie perpendicular to the coastline, their highest summit being Uludağ which is one of the most developed winter sports tourism centres of Turkey (2.453 metres). The Central Anatolian Plateau is surrounded by the above-mentioned mountains, the plateau itself being over a thousand metres above sea level, and having spectacular tourist attractions formed by volcanic eruptions like "Fairy Chimneys" on the site of Ürgüp.

The plains of the country are generally found squeezed among mountain ranges in the North and South, but they lie parallel to the river beds in the West. The big Konya Plain of Central Anatolia and the Plain of Thrace (on the European side), which itself is an extension of the Balkans, portray an unusual character. The same can be said about the plains of the South-eastern region which lie inclining towards the deserts of Mesopotamia.

The principal rivers of Turkey are Aras, Büyük Menderes, Ceyhan, Dicle, Firat, Gediz, Kizilirmak (the longest river running entirely on Turkish Soil; 1,182 kms. - 739 miles), Meriç, Murat, Sakarya and Seyhan on which many dams and hydroelectric plants have been constructed especially after 1950.

Besides such big man-made lakes as Keban, Hirfanli, Seyhan and Sariyer, Turkey has many natural lakes big and small in size, like Van, Beyşehir and Eğridir which are attractive to tourists.

Showing above geographical characteristics, Turkey has a total area of 780, 576 km^2 of which 756, 855 km^2 are on the Asiatic part of the country, popularly known as the Anatolia, and the remaining 23, 721 km^2 lie on the European side called the Thrace. The distribution of land in Turkey can be generally shown as follows: [3]

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(3) Yapi ve Kredi Bankasi A.Ş. (1976), p.10.

	%
Cultivated Land	33.1
Meadows and Pastures	36.8
Forests	13.4
Area not Fit for Use	16.7
(Mountains, Lakes and Marshes)	
	100.0

6.2.2 Climate

The general characteristic of the climate in Turkey is subtropical due to the location of the country in the World. As a result of its location and size, and of its different land features, the simultaneous occurrence of the four seasons in Turkey is not a rare event.

It is possible to mention the existence of three different types of climate in Turkey. The subtropical, mild and rainy climate prevails in the North. In a large part of the Marmara and in the entire Mediterranean region, the Mediterranean climate with hot and dry summers and mild and rainy winters prevails. Inland climate, characterised by cold winters and hot summers, is seen to cover Central, Eastern and South-eastern Anatolia. The winters, however, are more harsh in the East, and summers are warmer in South-eastern Anatolia. The Central and Southeastern regions, on the other hand, receive less precipitation.

The average annual temperature and precipitation in the three largest cities of Turkey which are also main tourist centres are as follows; Ankara: $11^{o}7'$ and 360 mms.; İstanbul: $13^{o}7'$ and 634 mms.; and İzmir: $17^{o}5'$ and 693 mms.

6.2.3 Natural Resources

Turkey is a country where a great variety of minerals exist in almost every region, but only part of the potential is being utilised. For that reason, many public and private sector concerns operating in the field of the extraction of minerals also concentrate their efforts on the detection of new mine fields.

Table 6.1 Production of Minerals in Turkey, 1973-75 (in Thousands Tons)

Production	1973	1974	1975
Iron Ore	2,120	2,243	2,247
Chronium	234	245	257
Copper Blister	26	29	25*
Coal	7,841	8,506	8,101
Lignite	7,537	7,666	8,433
Crude Oil	3,504	3,312	3,095
Benzene	1,875	1,941	2,090
Gasoline	582	516	411
Motorine	3,033	2,932	3,176
Fuel Oil	5,538	5,324	5,344
Asphalt	230	721	308

(*) Production for eleven months

SOURCE: Yapi ve Kredi Bankasi A.Ş., "Turkey", 1976, p.23.

As Table 6.1 shows Turkey's coal and lignite production is 8.1 and 8.4 million tons per year or 0.18 and 9.9 per cent of world production respectively. Turkey is producing less than some of her neighbours namely, Yugoslavia, Bulgaria, Greece and Romania (see also Appendices 6.1 and 6.2).

The activity to find new mine fields has been concentrated on mercury and marble which, in the short-term, is expected to create foreign exchange revenue; on metallic minerals like copper, zinc, antimony and volfram which, in the longer run, may possibly increase exports; on sulphur and phosphorus which will provide import substitution, and on iron, coal and radioactive raw materials bearing strategic importance. On the other hand, Turkey is described as a country rich in poor minerals, for example, it has 81 per cent of the world production of boron (see Table 6.2).

Table 6.2 Turkey's Relative World Position in Minerals

Minerals	Turkey (%) of World		World (million tons)	
	Reserves	Production	Reserves	Production
Bauxite	4.0	0.8	79.600	567
Antimony	1.65	2.26	69.500	2048
Asbestos	Sufficient	0.54	5.320	4
Copper	0.8	0.7	8.000	33.5
Baryte	11.04	Variable	-	-
Boron	80.93	39.0	-	-
Mercury	5.9	2.3	6.467	162
Zinc	4.47	1.1	5.750	16.4
Iron Ore	0.44	0.28	11.960	1379
Diatomid	Much	0.4	-	-
Florite	1.0	0.09	-	-
Phosphate	Very little	-	-	-
Chromium	3.09	10.0	4.200	329
Lead	1.65	0.9	3.270	4.1
Sulphur	Very little	0.05	-	-
Lignite	0.25	1.2	-	-
Manganese	1.27	0.015	9.510	13.5
Magnesite	0.69	4.9	10.380	496
Marble	Important	0.9	-	-
Perlite	Important	1.35	-	-
Coal	0.32	0.5	-	-
Salt	Not Known	0.4	172.500	800
Volfram	3.85	-	-	-
Uranium	-	-	1.650.000	4.100

SOURCE: TÜSİAD "The Turkish Economy - 1980", July 1980, p.154.

The share of mining in Turkey's export is around 6 per cent and export proceeds amount to $ 125 million. Imports of mining products excluding oil amount to 2 per cent of total imports or $ 100 million.(4)

As regards crude oil, which is presently the World's most widely used source of energy and industrial raw material, it is given great importance in Turkey to the extent that it has its own laws. Turkey, however, cannot be considered a country rich in oil reserves. The country's annual crude oil production is slightly below 3 million tons. Although it had been around 3.5 million tons per annum before 1975, it has fallen below the 3 million ton level since then. (see table 6.3). On the other hand, oil imports have been over 10 million

(4) TÜSİAD (1980), p.153.

tons for 1974, 1976, 1977 and 1978. It has fallen sharply to 7 million tons in 1979. Consequently, the share of domestic production in total oil consumption has gradually fallen down from 50 per cent in 1973 to about 20 per cent in 1978. In 1979, however, domestic production has constituted almost 30 per cent of total domestic consumption due to the low level of imports.

Table 6.3 Domestic Production, Imports and Total Supply of Crude Oil in Turkey in the 1970's (Million Tons)

Year	Domestic Production (I)	Imports (II)	Total Supply (III)	% Share of Domes. Pro. (I/III)
1970	3.542	3.478	7.020	50.4
1971	3.550	5.624	9.174	38.7
1972	3.388	6.769	10.157	33.3
1973	3.511	7.827	11.338	30.9
1974	3.308	10.464	13.772	24.0
1975	3.095	8.920	12.015	26.0
1976	2.595	11.513	14.108	18.4
1977	2.713	11.750	14.463	19.0
1978	2.736	10.762	13.497	20.0
1979	2.834	7.191	10.025	28.3

SOURCE: TÜSİAD (1980), p.288.

In 1979, Turkish oil imports amounted to 34 per cent of total imports, bringing a burden of $ 1.7 bn. on the balance of payments. The problem of oil in the Turkish economy is not that of the high level of consumption, as the consumption pattern of oil products in Turkey clearly indicates that almost 40 per cent of all oil products are used in the industrial sector in the form of industrial fuel-oil, and per capita fuel consumption is relatively low, compared internationally (for related tables see Appendices 6.3 and 6.4). This indicates that an energy saving programme has to aim at increasing the consumption of domestic sources in the production of energy and especially in the industrial sector and this necessitates quite an enormous increase at raising the level of domestic crude oil, coal and lignite production.

In view of the recent policy developments and incentives, the Government has provided facilities to encourage foreign private investment to supplement TPAO's (Turkish National Company of Oil Extraction) own efforts in exploring and developing indigenous oil resources. Turkey will have to invest more and will have to cooperate with experienced foreign companies to produce more crude oil as the World oil prices continue their trend of sharp increase although foreign cooperation in this field is subject to severe criticism in Turkey.(5)

A study(6) by an ad hoc committee has stated that Turkey has probable crude reserves amounting to 600 million tons. If this proves to be the case, Turkey will not require to import any crude oil in the years to come, provided that at least 17 million tons are produced each year.

6.3 Socio-Demographic Aspects

According to the official 1975 census, the population of Turkey was 40.4 million (it is estimated that current population is about 45 million) with an average yearly increase of 2.6 per cent. This means that Turkey has the highest population increase in Europe caused by the high birth rate.(7) More than 99 per cent of the population is muslim and the language spoken is Turkish.

Mortality, birth and immigration rates show considerable changes that affect the rate of growth of population, its age and regional distribution. Fertility rate is affected by a number of factors such as education, rate of marriages, income, womens' participation in the labour force etc. The birth rate was 4.3 per cent in 1960 and

(5) Cumhuriyet - Gözlem, 8th August 1981
(6) Quoted by TÜSİAD (1980), p.290.
(7) Turkish birth rate = 42 per 1,000, compared with: Greece = 17; Yugoslavia = 22; Italy = 19; Poland = 20; France = 18; Portugal = 24; from UN , "Demographic Yearbook," 1970, table 13, pp.619-627.

is estimated to have fallen down to 3.4 per cent in 1975, and to 3.2 per cent by 1980. Death rates are affected by the improvement in health conditions, nutritional conditions and industrialisation. Infant mortality has shown a considerable decrease recently from 13.3 per cent during 1965 - 1970 to 12 per cent between 1970 and 1975. The death rate was 2 per cent in the 1960's and it was down to 1 per cent by 1975.[8]

Emigration from Turkey was relatively insignificant until the middle of the 1960's but rose very rapidly thereafter. By the end of 1979 there were 780,000 Turks legally working abroad mainly in West Germany and several thousand illegal imigrants. This general movement of people plays an important role in Turkish tourism. Between 1970-1979 workers' remittances of foreign exchange to Turkey exceeded $ 10 bn., at an average rate of $ 1 billion per annum. Turkey was the latest among the Mediterranean countries in the mass migration of labour, that characterised the postwar era. According to the official records, on the other hand, the destination of Turkish workers sent abroad changed gradually in favour of Libya, Saudi Arabia and other Middle East countries. Libya, for example, was reported to require around 300,000 Turkish workers to replace Egyptian and Tunisian workers for political reasons.[9] More interestingly, Libya demanded planners, agricultural experts, experts in reconstruction, settlement and naval port management and also employees for posts in the government sector, i.e., skilled workers and experts, as did Saudi Arabia. If the trend has continued, there may well be "brain drain" in the Turkish public sector with consequent socio-political effects.

6.3.1 Urbanisation - Internal Migration

Although the state of the Turkish economy, Cyprus question and relationships with Greece after the election of a socialist government in Greece are the most important issues facing the government, yet Turkey also suffers from certain long-term social problems which the Turkish nation expects the new administration to solve. One of

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(8) D.İ.E./S.I.S. (State Institute of Statistics), Ankara.
(9) TÜSİAD (1977), p.220.

these is an acutely unequal income distribution, another is the accelerating flow from the countryside to the already over-crowded cities. With a 70 per cent inflation rate in 1979, which assumed to be well over 100 per cent in 1980, life has become even more difficult for Turkey's small-land holders, fixed income groups and tenant farmers and agricultural labourers, whose income depends on annual fixed agricultural support prices. Statistics (although variable and unreliable) indicate that urbanisation was proceeding in the late sixties and early seventies. In the years preceeding the 1973 oil crises, however, Turkey had a safety valve in West Germany and other Western European states which were prepared to mop up much of the surplus labour. This to some extent helped to prevent an excessive build-up in the cities of unemployed people coming from the rural areas. The European labour market is now saturated and the cities in Turkey now have to cope with increasing numbers of people from the countryside as jobs are scare and unemployment is heavy. The problem is currently aggravated by the present recession stemming mainly from the shortage of foreign exchange, and consequently vital raw material inputs to keep industrial plants working. So with more people arriving in the towns to compete for less jobs, it is hardly surprising that the infrastructure in cities designed for populations smaller than their present size, is cracking under the strain. An indication of where internal migrants come from can be obtained from the following table. (See Table 6.4).

As seen from Table 6.4, Central Anatolia displays a net migration rate of its rural population equal to 25 and 3.8 per thousand of its urban population. Eastern Anatolia has migration rates of 20.5 and 6.1 per thousand and the Black Sea Region, 13.8 and 0.4 per thousand respectively. The Aegean Marmara and Mediterranean regions have net rural migrations of 17.8 and 26 per thousand, but possessive net migration for their urban centres equal to 18 and 15 per thousand respectively. The three metropolitan areas of Ankara, İstanbul and İzmir have borne the brunt of this population shift and currently suffer problems of over-crowding, pressure on public utilities, and severe environmental problems of air and water pollution [10] which

(10) The magnitude of the problem can be gauged by the fact that while population increased by 130 per cent between 1927-1970, İstanbul, Ankara and İzmir expanded by 230 per cent; Demirgil (1969),p.45.

Table 6.4 Population Characteristics in Turkey, 1970

Region/Area	Dependency Ratio	% Rate of Literacy*	Net Migration Rate per 1,000	Rate of Net Population increase per 1,000
TURKEY				
Total	87.6	53.2	-	25.0
Rural	92.7	45.1	(-)20.3	27.2
Urban	77.9	67.9	17.4	20.7
Ankara	73.0	79.4	51.4	21.8
İstanbul	56.0	82.0	32.9	12.6
İzmir	60.0	74.0	44.4	14.4
REGIONS				
Central Anatolia				
Rural	96.1	42.9	(-)25.0	31.0
Urban	88.3	63.4	(-) 3.8	23.5
Black Sea				
Rural	88.7	45.3	(-)13.8	23.2
Urban	91.6	63.1	(-) 0.4	24.4
Aegean-Marmara				
Rural	77.0	55.2	(-)17.8	20.9
Urban	71.8	68.8	18.0	15.6
Mediterranean				
Rural	98.8	52.0	(-)26.0	27.1
Urban	84.8	65.7	15.0	23.0
Eastern Anatolia				
Rural	109.2	30.8	(-)20.5	34.2
Urban	98.4	50.0	(-) 6.1	31.7

* Ages 8 years and over.

SOURCE: Ministry of Health and Social Welfare, School of Public Health, Statistics from the Turkish Demographic Survey, Ankara, 1970.

Dependency ratio: Proportion of the total unproductive population to the economically active population.

are multiplied by and hazardous to tourism development.

6.3.2 Employment

Apart from a shortage of detailed and reliable manpower statistics in under-developed economies like Turkey,[11] where there may be seasonal variations in the rate of female participation and, where,

(11) There is no data available in Turkey which will allow the calculation of an "unemployment rate", instead, there is a figure in the plan documents called the "labour force surplus" which serves as a proxy for an unemployment figure. On the matter see Yaser (1971), pp.261-277.

due to a lower level of the division of labour, workers produce goods and services in their homes which in advanced economies might be purchased on the market; where the production unit is the family with no rigid division between work and leisure, conventional notions of "labour force", "workingday", "employment" and "unemployment" present problems of definition.[12] Despite these problems, an examination of employment and its distribution in Turkey may prove to be useful.

The supply of manpower, excluding the army, constitutes on average 40 per cent of the total population. Although the vast majority of the employed labour force is still in agriculture, there has been a large drop from the beginning of the First Plan (1962) to 1975, from 77 per cent to 60 per cent of the active population (see the following tables 6.5, 6.6 and 6.7). While 60 per cent of the economically active population are still engaged in agriculture and related services, there has been a perceptible decline of 16.5 per cent during 1962 - 1979 much of which was absorbed by the services and industry. Total "labour force surplus" almost doubled between 1962 and 1976 from roughly 1.1 million in 1962 to 2.06 million in 1976 and 2.3 million in 1979 and from 8.1 per cent of the total labour force supply to 12.9 and 14.06 per cent respectively. The non-agricultural sectors which at present provide additional employment to 100,000 people annually are far from being able to absorb the increments in the labour force supply which is reported to increase by 230,000 during the last years.[13] This may be attributable to the development strategy of the Five-Year Plans which has emphasised a higher rate of growth of output and labour productivity than that of employment. Although the rate of growth of employment in industry, construction and transportation has accelerated during the Second and Third Plans (1968-1977), it has failed to absorb the increments in the labour force surplus, despite the afore-mentioned emigration. This is partly because the rate of employment growth in services went gradually down from 8 per cent in the First Plan period (1963-1967) to 6.4 during the second and 3.9 per cent during the third in accordance with the above mentioned strategy.

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(12) For a useful discussion of these see; Turnham and Jaeger (1971)
(13) TÜSİAD (1980), pp.100-102.

Table 6.5 Labour Supply and Demand in Turkey, 1962 - 1975 (Thousands)

	1962	1967	1972	1973	1974	1975	1976
Labour Force Supply	12,197	13,442	14,320	14,670	15,150	15,600	15,990
Labour Force Demand							
Agriculture	9,216	9,073	8,760	8,760	8,735	8,705	8,680
Industry	995	1,175	1,500	1,615	1,688	1,759	1,849
Construction	305	369	440	480	514	550	594
Transportation	258	324	460	485	534	600	670
Services and Other	1,177	1,719	2,350	2,340	2,467	2,570	2,706
Net Foreign Demand	(11)	(180)	(85)	(136)	(20)	(4)	(11)
Non-agricultural Labour Surplus	235	530	725	724	1,062	1,281	1,356
Disguised Unemployment in Agriculture	750	910	850	840	800	750	710
Total Labour Force Surplus	1,085	1,440	1,575	1,564	1,862	2.031	2,066
Labour Force Surplus as % of Total Labour Supply (Unemployment Rate)	8.1	10.7	11.0	10.66	12.29	13.02	12.9

SOURCE: TÜSİAD (1977), Table 129, p.218.

Table 6.6 Percentage Distribution of the Economically Active Population in Turkey, 1962/1979

Sector	1962	1979	1962/1979 Change	
Agriculture	77.0	60.5	-16.5 Absorbed by	Relative share of the Absorption(%)
Industry	7.9	12.3	4.9	29.7
Mining	0.5	0.8	0.3	1.8
Manufacturing	7.2	11.4	4.2	25.5
Energy, water	0.2	0.6	0.4	2.4
Construction	2.4	3.8	1.4	8.5
Transportation	2.1	3.5	1.4	8.5
Commerce	2.9	4.4	1.5	9.1
Banking	0.4	1.4	1.0	6.0
Services	7.3	13.6	6.3	38.2
Total	100.0	100.0	16.5	100.0

SOURCE: TÜSİAD (1980), p.101.

Table 6.7 Sectoral Distribution of Manpower Demand, 1962-1979

Sector	1962		1979		Change	
	(000)	%	(000)	%	Absolute	%
Agriculture	9,740	77.0	9,070	60.4	-670	-
Industry	995	7.9	1,925	12.8	+930	4.00
Mining	64	0.5	120	0.8	+ 56	3.76
Manufacturing	912	7.2	1,707	11.4	+795	3.75
Energy, water	19	0.2	98	0.6	+ 79	5.15
Construction	300	2.4	566	3.8	+266	3.80
Transportation	261	2.1	522	3.5	+261	4.16
Commerce	366	2.9	668	4.4	+302	3.60
Banking	52	0.4	209	1.4	+257	8.50
Services	929	7.3	2,046	13.6	+1,117	4.75
Total	12,643	100.0	15,006	100.0	+2,363	1.00
Non-agriculture	2,903	23.0	5,936	39.6	+3,033	4.30

SOURCE: Ibid.

There are several reasons for believing that the Plans' implicit estimate of the magnitude of agricultural population and of the rural exodus may be too high. It is based on a rising rate of participation in agriculture as elsewhere; but as education spreads and incomes rise, the employment of children and women is likely to fall rather than to rise. On the other hand, the estimate is predicted on very high growth rates of productivity in agriculture: 5.1 per cent per annum in 1972-1977, 9 per cent in 1977 - 1987 and 6.4 per cent in 1987 - 1995.[14] Such increases in productivity are unlikely to materialise, thus the actual extent of disguised and open unemployment in agriculture or the rate of annual exodus may well be less than the estimate. Various projections indicate that the agricultural labour force might increase slightly by less than 1 per cent per annum. On the other hand, a strategy of maximising employment rather than growth can translate into a substantially faster growth of urban employment at the expense of a small loss in growth. This would also have the advantage that through increasing employment, the more equal distribution of income could be achieved.

6.3.3 Industrial Relations and Social Security

Official minimum wage determination in Turkey has existed since 1951, but has gained more importance in recent years. With the enacting of the law on collective bargaining, strikes and lockouts in 1963, Turkey has moved into an era of collective bargaining with minimum wages and wage increases constituting the focal points. (According to present legislation, collective bargaining can be carried out at two levels; namely at the plant and the industry branch levels. Both ways are widely practiced and in some cases an overlapping of these two bargaining practices leads to problems).

Wage increases secured by collective bargaining which related to 23,257 establishments in 1979 covering 100,000 workers in the Public Sector and 300,000 in the private sector has brought actual minimum wages to levels well above the official minimum wage. As the following Table 6.8 shows, the year 1979 has also witnessed a large number of strikes: 126 strikes involved 21,011 workers who remained on strike for 10,529 days and caused 1,147,721 work-days to be lost which was

(14) DPT/SPO (State Planning Organisation)

one of the many reasons why the military coup took place in 1980. (For detailed figures of Workers' and employers' union and collective bargaining, see Appendices 6.5 and 6.6).

Table 6.8 Number of Workdays Lost During Strikes, 1972-1979

Year	Number of Strikes	Number of Workers Participating	Number of Days on Strike	Workdays Lost
1972	48	14,879	2,297	659,362
1973	55	12,286	2,209	671,135
1974	110	25,546	4,104	1,109,401
1975	116	13,708	5,601	668,797
1976	58	7,240	3,691	325,830
1977	59	15,682	3,622	1,397,124
1978	87	9,748	4,457	426,127
1979	126	21,011	10,529	1,147,721

SOURCE: Ministry of Labour, Ankara, 1980.

The first social security programme in Turkey was instituted to cover civil servants under the State Pension Fund. This fund was followed by the creation of the Social Insurance Institution in 1946 which covered industrial workers and which, at the outset was offered only for work injury, occupational deseases and maternity benefits. In 1971 another social security institution offering social protection to tradesmen, handicraftsmen and other self employed persons was created. At the end of 1979 around 10 per cent of total population or $1/3$ of the active population that is 4.8 million people benefited from one or the other of social security programmes. On the other hand, there were 1.5 million people who were getting monthly payments under social programmes. (See Tables 6.9 and 6.10).

The present labour law in Turkey which was designed parallel to the middle European model and has undergone amendment in 1970, sets the minimum legal labour standards, which of course can be surpassed by collective bargaining and have indeed in practice been surpassed. The important features of the present labour law as regards working

Table 6.9 Number of People Under the Coverage of Social Security Programmes, 1973 - 1979 (000')

Year	Social Insurance	State Pension Fund	Independent Social Insurance (*)	Special Funds	Total
1973	1,649	850	775	40	3,314
1974	1,800	870	825	45	3,540
1975	1,825	900	850	48	3,623
1976	2,017	1,145	885	57	4,104
1977	2,191	1,175	962	62	4,390
1978	2,206	1,230	1,120	65	4,621
1979	2,220	1,295	1,210	68	4,793

(*) Social Security Institution offering social protection to self-employed (tradesmen, handicraftsment etc).

SOURCE: TÜSİAD (1980), p.105.

Table 6.10 Number of People Getting Monthly Payment under Social Security Programmes, 1972-1979 (000')

	State Retirement Fund	Social Insurance	Independent Social Insurance	Special Funds	Others (*)	Total
1972	322.5	167.9	-	2.5	21.1	514.0
1973	336.4	194.1	1.5	2.7	23.7	558.4
1974	362.0	211.5	2.3	3.0	24.0	602.7
1975	380.0	242.0	3.3	3.4	25.0	653.6
1976	409.3	293.5	4.6	4.5	29.0	740.9
1977	860.2	350.0	27.0	5.0	30.9	1,273.1
1978	910.0	395.0	31.0	5.5	31.0	1,372.5
1979	975.0	440.0	34.0	5.9	32.0	1,486.9

(*) People benefiting from social service programmes such as houses for the aged, children, etc.

SOURCE: D.P.T. (State Planning Organisation), Fourth Five-Year Development Plan.

conditions can be cited as follows:[15]

- Maximum weekly hours of work: 48 hours;
- Paid annual leave from 12 days to 24 days;
- 50 per cent additional pay for overtime work;
- Safety regulations complying with international standards;
- Notice periods for dismissals or resignations from 2 to 8 weeks varying according to length of service;
- Minimum wage, which is subject to periodical review not exceeding two years by the tripartite Minimum Wage Fixing Committee;
- Severance payment for workers of one or more years of seniority;

6.3.4 Income Distribution

Over the past 200 years or so, the market process has been playing a very important role in the world being the major force influencing and directing the economies of most of the modern nations as well as developing countries. The most serious failure of the market process to satisfy the wishes of most people of the society, has been in the way the distribution questioned is answered.

In any market-directed society, if the land and capital (the wealth) are concentrated in the hands of a few, it becomes essential that there be some kind of "redistribution". Sometimes the political processes of the society are sufficiently flexible and responsive to the needs of the society so that the redistribution can be accomplished through a democractic process such as collective bargaining, increased taxes on incomes, sales, property, inheritance, and other things; while increasing the payments for welfare, social security programmes, medical care and education, job training, and other aids to the poor. If this did not happen, the ultimate result would be revolution.[16]

Despite the above-mentioned developments in social security programmes and collective bargaining leading to better wages, Turkey shares with many other developing countries the experience of large income

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(15) Ministry of Labour, Ankara.
(16) Bowden (1975), p.402.

Table 6.11 Income Distribution in Turkey by Income Brackets, 1973

Income Brackets (Turkish Pound = TL.)	% of Households	% of National Income
0 - 2,500	4.1	0.3
2,500 - 5,000	8.1	1.2
5,000 - 10,000	17.8	5.4
10,000 - 15,000	20.0	10.1
15,000 - 25,000	22.5	17.9
25,000 - 50,000	18.1	25.4
50,000 - 100,000	6.8	18.6
100,000 - 200,000	1.9	10.8
200,000 +	0.6	10.2

SOURCE: S.P.O, Income Distribution, 1973.

Table 6.12 Changes in Functional Income Distribution, 1968-1979

Sector		1968	1976	1977	1978	1979
I.	Agriculture	32.4	31.4	28.9	24.3	20.7
II.	Non-agricultural Wage	19.7	20.7	20.8	18.3	16.8
III.	Salaries of govern. employees	10.3	11.5	13.2	10.6	10.0
IV	Industry	10.2	7.5	7.6	7.9	7.9
V	Incomes of Services	27.4	28.9	29.5	38.9	44.6
	TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCE: TÜSİAD (1980), p.107.

differences. Comparable data for earlier years is not available and the lack of such information makes it difficult to judge whether income differences have expanded or reduced. The substantial difference in the rate of growth of real per capita output in various sectors suggests that the difference in income of various groups may have widened. On the other hand, the substantial and rapid growth of emigrant workers' remittances in recent years, much of which goes to the poorest groups has been working in the opposite direction. As Table 6.11 reveals, 4.1 per cent of the house-holds within the lowest income bracket (up to TL. 2,500/year) received 0.3 per cent of total income while 0.6 per cent of the house-holds within the highest income bracket (incomes exceeding TL. 200,000 year) got 10.2 per cent of the total income in Turkey. The State Planning Organisation has recently, in the 1980 Programme, given the quantitative changes in the functional distribution of income during the 1968-1979 period. As Table 6.12 shows, no changes of a meaningful magnitude seem to have taken place between 1968 and 1976, but with the acceleration of inflation, serious changes have taken place between 1977 and 1979. They can be outlined as follows: In 1977, there were two distinct movements; a decrease in the share of agricultural income and an increase in the share of the salaries of government employees which enabled this underprivileged class to reach the highest share of the twelve year period (1968-1979) by moving from 10.3 per cent in 1968 to 13.2 per cent in 1977 (the nearest to this maximum was attained in 1972 and 1973 with 12.8 and 12.6 per cent respectively). The share of industry on the other hand has gradually decreased between 1968 and 1976 from 10.2 per cent to 7.5 per cent and remained at this level in 1977.

The acceleration of inflation in 1978 and 1979 has further deteriorated the position of agriculture, labour and government employees. It did not also improve in any significant degree the position of industry. The only groups that benefited from the acceleration of inflation were the recipients of different kinds of rents, trade margins, inventory profits, capital gains and speculative profits. The final result of all these developments in income distribution by the end of 1979 can be outlined through a comparison of the functional shares of income recipients in 1968 and 1979 (Table 6.13).

The most serious decrease has taken place in Agriculture. Its share in G.D.P. has decreased by 36.1 per cent falling from 32.4 per

Table 6.13 Changes in the Shares of G.D.P., 1968/1979

	1968	1979	Change in the Share	1968/1979 %
Agriculture	32.4	20.7	-11.7	-36.1
Non-agricultural Wage	19.7	16.8	- 2.9	-14.7
Salaries	10.3	10.0	- 0.3	- 2.9
Industry	10.2	7.9	- 2.3	-22.5
Services	27.4	44.6	+17.2	+62.8

SOURCE: TÜSİAD (1980), p.108.

cent in 1968 to 20.7 per cent in 1979. The second large decrease occurredin industry bringing its share from 10.2 per cent in 1968 down to 7.9 per cent in 1979. The share of the non-agricultural wage has decreased by 14.7 per cent moving from 19.7 per cent of G.D.P. in 1968 to 16.8 per cent in 1979. Total salaries of government employees decreased by only 2.9 per cent falling from 10.3 per cent of G.D.P. in 1968 to 10 per cent in 1979. Against all these decreases, the share of various services in G.D.P. increased by 62.8 per cent, absorbing 44.6 per cent of G.D.P. in 1979 from 27.4 per cent in 1968. This represents a major distortion in the Turkish Economy created by a combination of high rates of inflation, a decrease in the production and availability of manufactured products and government interference in the market mechanism which was not coordinated with the necessary flow of supply.

It is not easy to make definite comparisons between the income distribution of Turkey and that of other countries, however the following table indicates that Turkey's income distribution is not as bad as Brazil's or Mexico's but it does not equal that of Korea, Spain, Yugoslavia and Taiwan.

Table 6.14 Income Distribution of Semi-Industrialised Countries

Country	Year	Percentage Shares of Household Income: Lowest 20%	2nd	3rd	4th	5th Highest 20%	Highest 10%
Brazil	1972	2.0	5.0	9.4	17.0	66.6	50.6
Mexico	1977	2.9	7.4	13.2	22.0	54.4	36.7
Turkey	1973	3.4	8.0	12.5	19.5	56.5	40.7
Philippines	1971	3.7	8.2	13.2	21.0	53.9	-
Argentina	1970	4.4	9.7	14.1	21.5	50.3	35.2
Korea	1976	5.7	11.2	15.4	22.4	45.3	27.5
Spain	1974	6.0	11.8	16.9	23.1	42.2	26.7
Yugoslavia	1973	6.5	11.9	17.6	24.0	40.0	22.5
Taiwan	1971	8.7	13.2	16.6	22.3	39.2	24.7

SOURCE: World Bank

6.4 Recent Economic Trends

Official estimates, although conflicting,[17] put the growth rate of real G.N.P. in 1979 at a very low level of 0.2 per cent compared to 2.9 per cent in 1978.[18] National income accounts released in April 1980 also show a 69.9 per cent increase in the G.N.P. deflation which is the most comprehensive price index available. The sharp

(17) Given the high rate of increase of the Turkish population, there was a small decline in per capita G.D.P. which, at just over US $ 1,000 per inhabitant, is by far the lowest in the O.E.C.D. area. The problems inherent in calculating national accounts data, which have always been greater in Turkey than in the majority of other O.E.C.D. countries, have no doubt been aggravated further by the high rate of inflation and the emergence of a "parallel" and largely unrecorded market for scarce commodoties and foreign exchange, O E C D (1980), "O.E.C.D. Economic Surveys - Turkey", p.6.

(18) State Institute of Statistics. The SIS's prediction at mid 1979 foresaw a 3.7% growth in the real G.N.P. for 1979; a satisfactory rate for an economy suffering from innumerable difficulties. The prediction, however, was based on production data for the first quarter of the year and thus could not be taken as definite.

fall in the growth rate is largely due to the decline in industrial output. Despite efforts by the Government to boost industrial production, national income accounts show that the industry even failed to maintain its output level. Net output of the sector dropped by 4.7 per cent in 1979, although the Mining and Electricity-Gas-Water sectors both recorded output increases of 4.5 per cent and 4.1 per cent respectively (see Table 6.15). The figures show that among the industrial sectors, the manufacturing industry has been hardest hit by the bottlenecks of the previous year, 1978. Net output of manufacturing has declined by 6.1 per cent from TL. 46.1 billion in 1978 to TL. 43.3 billion in 1979. It is widely held that the fall in manufacturing output is largely due to the shortages in energy supplies and imported raw materials, that characterised much of the twelve months of 1979. The first part of the cause is absolutely true but the second part is exaggerated. According to trade statistics the quantity of crude oil imports dropped by 33 per cent from 10.7 million tons in 1978 to 7.2 million tons in 1979. Simult aneously, the quantity of oil turned out by the domestic refineries increased very little. Naturally, oil fired industrial plants could not escape the dampening effect of the shortages. On the other hand total imports of the economy have increased by 10.2 per cent from $ 4,599 million in 1978 to $ 5,069 in 1979, but decreased by 6.5 per cent in volume suggesting that the alleged shortage of imported raw materials should be regarded with some reservation. Whatever the exact causes of the recession, in the manufacturing sector, its impact on the welfare of the population and implications for economic policy remain unchanged. Industrial sector accounts for a little more than a quarter of the G.D.P. and hence whatever happens, it is likely to affect the rest of the economy. In a country that identifies development with industrialisation, economic policies should above all aim at providing the industry with the required raw materials and energy supplies.

National income accounts shown in Table 6.15 indicate that it was the traditional agricultural sector that saved the face of the economy in 1979. Despite shortages of energy and imported raw materials, the sector succeeded in increasing its net output by

Table 6.15 G.N.P. by Producing Sectors, 1978-1979 (at 1968 Producers' Prices, Million TL.)

	1978	1979	% Change
1. Agriculture	44,682.8	45,722.1	2.3
a. Farming	42,905.4	43,930.5	2.4
b. Forestry	1,399.0	1,401.8	0.2
c. Fisheries	378.4	389.8	3.0
2. Industry	53,546.0	51,050.2	-4.7
a. Mining	3,553.4	3,713.3	4.5
b. Manufacturing	46,130.6	43,316.6	-6.1
c. Electricity/Gas/Water	3,862.0	4,020.3	4.1
3. Construction	12,545.3	13,068.7	4.2
4. Trade	28,654.0	27,851.7	-2.8
5. Communication and Transport	19,793.1	20,287.9	2.5
6. Financial Institutions	6,646.4	6,845.8	3.0
7. Ownership of Dwellings	10,410.6	11,149.8	7.1
8. Private Professions and Services	10,596.0	10,564.2	-0.3
9. (-) Banking Services	3,676.7	3,787.0	3.0
10. Industries - Total (1-9)	183,197.5	182,753.4	-0.2
11. The Public Services	18,628.7	19,415.5	4.5
12. Total (10 + 11)	201,826.2	202,168.9	0.2
13. Import Taxes	5,363.8	4,449.7	-17.0
14. G.D.P. (at market prices) (12 + 13)	207,190.0	206,618.6	-0.3
15. Factor Income from Abroad	1,869.1	2,856.5	52.8
16. G.D.P. (at market prices) (14 + 15)	209,059.1	209,475.1	0.2

SOURCE: S.I.S., S.P.O. Ankara.

2.3 per cent compared to 1978. In 1979 farming output increased by 2.4 per cent, while forestry almost stagnated and fisheries turned out 3 per cent more supplies compared to 1978. A positive agricultural growth does not imply, however, that the sector is immune to economic and financial crisis. Past experience shows that climatic conditions aside, the sector is heavily affected by the availability of fertilisers and fuels both of which are largely imported.

It is only natural that a decline in industrial output will negatively affect the income of dealers and distributors. In accordance with this rule, net contribution of the commercial sector to G.N.P. dropped from TL. 28.6 billion in 1978 to TL. 27.8 billion in 1979 in constant 1968 prices along with the contribution of private professions and services which dropped from TL. 10.596 billion to TL. 10.564 billion. While the domestic industries performed unusually poorly in 1979, factor incomes of the economy from abroad soared upwards by a record 52.8 per cent. In constant 1968 prices, factor incomes from abroad increased from TL. 1.8 billion in 1978 to TL. 2.8 billion in 1979, thanks to the increase in the remittances of Turkish workers abroad who remitted a total of $ 1,649 million in 1979 compared to $ 983 million in 1978. (They also form the bulk of tourists to Turkey). The jump in remittances was due to the premiums instituted in April 1979 and other incentives contributed more to the balance of payments than G.N.P., though it is through their contribution that 0.3 per cent decline in G.D.P. was converted to 0.2 per cent increase in G.N.P. When viewed within the perspective of the three five-year plan periods, the period between 1977 and 1979 becomes alarmingly recessionary (see the following table).

As Table 6.16 shows, the rate of growth of G.D.P. after three years of impressively high performance (1974-1976) has dropped to 4.4, 2.9 and (-) 0.3 per cent respectively for the years thereafter. After a remarkably rapid growth and development for over a decade, Turkey faced in 1979, the worst socio-economic crisis of her modern history. During this relatively short period of time Turkey has become a predominantly urban and industrial economy from an overwhelmingly rural and traditional society.

In the past, faced with growing external imbalances created by the sharp increase in the price of oil and in the prices of imported industrial supplies and investment goods and by the world recession which adversely affected Turkish exports of goods and services,

Table 6.16 Growth Rates of Value Added, 1963-1979 (Producers' Prices)

	Average 1963-1967	Average 1968-1972	Average 1973-1977	1974	1975	1976	1977	1978	1979
1 Agriculture	3.7	3.6	3.3	10.3	10.9	7.7	-1.2	1.0	2.3
2 Industry	10.6	9.9	9.9	7.7	9.0	9.3	7.0	0.5	-4.7
a Mining	8.9	5.7	6.8	10.7	5.5	5.0	8.3	1.2	4.5
b Manufacturing	11.7	9.0	8.9	13.3	11.7	16.8	18.1	10.6	2.3
c Energy	10.0	8.9	13.3	11.7	16.8	18.1	10.6	2.3	4.1
3. Services	7.5	7.7	7.9	8.2	7.8	8.7	5.8	4.5	1.8
4. G.D.P.	6.5	6.6	6.9	8.5	8.9	8.5	4.4	2.9	-0.3
5. G.N.P.	6.7	7.1	6.5	7.4	8.0	7.7	4.0	3.0	0.2

SOURCE: State Planning Organisation.

Turkish governments had to revise their development strategies and their economic policies. Instead they preferred to sustain the rate of growth during the period 1974-1976 at the expense of internal and external balances and thus postponed the crisis to 1977. The big question now facing the Turkish economy is whether after the 1980 Military coup things will improve. Definite production figures are not yet available, but unofficial reports indicate that the G.N.P. has shown and will continue to show better performance.(19)

6.4.1 Agricultural Sector

In spite of the current problems, the Turkish Economy has a number of potentials which may enable her to sustain her economic growth and attain a favourable balance of payments in the long-term. One such potential, it is believed, is inbuilt in the Agricultural Sector. Turkey has the third largest agricultural area in Europe after the Soviet Union and France. The total arable land is 28.3 million hectares of which 80 per cent is under cereals and 8 per cent under industrial crops. In the production of many products Turkey ranks

(19) See also latter part of this chapter, P.246.

at the top,[20] but many of these products do not occupy an important place in the exports of Turkey. Total proceeds from the exports of agricultural products, however, amounted to $ 1.3 billion in 1979, representing 60 per cent of total exports.[21]

Since the establishment of the Republic in 1923, Turkey has pursued a development strategy which has been aimed at modernising the country in a system of mixed economy the main emphasis being on industrialisation and self-sufficiency. Thus, the development of agriculture and mining received less attention than that of industry, transportation and power and little attention was given throughout to employment. This under emphasis on agriculture is at the same time the basis for its rich potential.[22] The importance of the agricultural sector derives from its substantial and varied contribution to the population of the economy, the bulk of the foreign exchange earnings, much of industry's raw materials and a considerable portion of the net domestic product (23 per cent of N.D.P.). Although structural and other services of change can be expected, the perspective which these characteristics reveal is unlikely to change in any substantial way over the medium term.

Although G.N.P. calculations assume a small growth of agricultural production by about 2 per cent, available production figures rather point to a small decline in 1979 after substantial increases in 1978. (See Table 6.17).

Turkey is one of the major producers of cereals ranking 10th in the world production with around 24 million tons per year. In wheat production that was 16.7 million tons in 1979, Turkey ranks 8th after the U.S.S.R., U.S.A., China and India representing 3.7 per cent of world production. In 1979 the olive crop fell by some 50 per cent

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(20) See Appendices 6.7 to 6.10.
(21) Ministry of Trade, Ankara, 1980.
(22) Many countries have reached such high levels of productivity in agriculture that the difference between actual and potential production in agriculture is very small. This is not the case for Turkey: the level of productivity in Turkish agriculture is so low that the gap between actual and potential production in the agricultural sector is very large.

Table 6.17 Agricultural Production, 1977-1979 (Thousand Tons)

	1977	1978	1979	% Annual Change 1978	1979
CEREALS					
Wheat	16,650	16,700	16,700	0.3	-
Barley	4,750	4,750	5,100	-	7.4
Maize	1,265	1,300	1,250	2.7	-3.8
Rice	165	190	200	15.2	5.3
INDUSTRIAL CROPS					
Cotton	575	475	470	-17.4	-1.0
Tobacco	238	297	285	24.8	-4.0
Sugar Beets	8,995	8,837	9,500	-1.8	-7.5
Potatoes	2,800	2,750	2,760	-1.8	0.4
OIL SEEDS					
Sunflower	455	460	550	1.1	19.6
Cotton Seed	920	840	800	-8.7	-4.8
PULSES	804	724	744	-10.0	2.7
OTHERS					
Oranges, Tangerines	1,147	1,018	1,032	-11.3	1.4
Grapes	3,130	3,000	3,200	-5.7	6.7
Apples	900	1,100	1,150	22.2	4.5
Hazelnuts	290	300	310	3.4	3.3
Olives	400	1,100	500	175.0	-54.6
Tea	395	449	485	13.7	8.0

SOURCE: State Planning Organisation, 1980.

following its biennial cycle; industrial crops (cotton, tobacco) were also somewhat smaller than in 1978, whilst sugarbeet output increased by about 8 per cent.

Turkey is more or less self-sufficient in food production, though as with all developing countries protein consumption is still relatively low. Surpluses of cotton, tobacco, fruits and vegetables, and more recently of grain are regularly exported. To the extent that Turkish agricultural production has become less dependent on weather conditions through the modernisation of production methods, farmers have in turn become more dependent on adequate supplies of fertilisers, chemicals, spare parts for mechanical equipment and fuel for their tractors and other machinery. The current foreign exchange shortage does not appear to have seriously affected the availability of these supplies in adequate amounts because the governments gave priority for their imports, though the problem could become acute as such stocks reach their bare minimum during periods of high seasonal demand. A recent study(23) points out that in Turkey it seems overwhelmingly likely that the potential limits of cultivation have been reached, if not passed, and that further increases in production depend on increasing yields rather than the area under cultivation. The Turks, for example, are just now beginning to introduce crops in the fallow years between harvests. Further-more the huge dams being constructed on the Tigris and Euphrates rivers will have (when they are finally completed) a spin-off irrigation potential for the foodbowl in the South East of Turkey where land ownership is still feudal.

6.4.2 Industrial Sector

Industrial production has been very seriously affected by supply shortages and energy rationing because of the foreign exchange bottle-neck. Credit restriction was an additional depressive factor that influenced the decline in activity, in particular for the private sector which accounts for some 60 per cent of industrial value added. Indicators of industrial output bear out the decrease of 6 per cent based on G.N.P. data. Data on State Economic Enterprises (S.E.E's), gathered by the State Institute of Statistics, represented in Table 6.18, shows declines in 10 out of 14 enterprises. T. Demir Çelik (iron and steel), Tekel (state monopolies), Azot Sanayii (fertilisers) and Çaykur (tea industry) are the only enterprises which recorded increases in their production in 1979 ranging between 9 and 20 per cent as against declines between 2.5 and 27 per cent. The total production of S.E.E.'s dropped by almost TL. 1 billion to TL. 135 billion or by 0.7 per cent.

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(23) Hale (1981)

Table 6.18 Production of Main State Economic Enterprise, 1978/1979 (Million TL., 1978 Fixed Prices)

S.E.E.	1978	1979	% Change
T. Çimento (Cement)	3,529	3,106	-12.0
T. Şeker Fab. (Sugar)	11,973	11,665	- 2.6
SEKA (Paper)	6,497	6,271	- 3.5
T. Demir Çelik (Iron Steel)	7,930	7,617	- 4.0
Ereğli Demir Çelik (Iron Steel)	10,074	9,768	-3.0
İs. Demir Çelik (Iron Steel)	10,821	12,372	+14.3
Tekel (State Monopolies)	25,970	31,124	+19.3
İPRAŞ (Oil Refinery)	14,753	13,130	-11.0
Petkim (Petrochemicals)	5,905	5,722	-3.1
TPAO (Oil)	16,683	12,170	-27.0
Sümerbank (Textiles)	7,335	7,153	-2.5
Azot Sanayii (Fertilisers)	2,785	3,063	+100.0
Çaykur (Tea	6,648	7,224	+8.7
E.B.K. (Meat)	5,134	4,670	-9.0
TOTAL	136,040	135,057	-0.7

SOURCE: SIS, Ankara, 1980.

Production of industrial products in the private sector, are indicative of the same decreasing trend with the exception of lignite, electricity, fertilisers, coke and steel. Coal and chromite in mining, sugar, meat and food, cotton textiles, woollen yarn and carpets, wood products, some paper items, tyres, fuel, cement, copper ferrochromium, tractors and motor-cars have shown decrease reflecting supply shortages caused by energy savings and the lack of foreign exchange. (For details see Appendix 6.11).

The composition of production in the Manufacturing Industry shows a relative shift in favour of consumer goods mianly food. On the other hand, there seems to be a relative decrease in intermediary and investment goods (see Appendix 6.12). These fluctuations in industry are mainly due to a combination of causes such as shortage of foreign exchange and ensuing decrease of imported industrial inputs, fuel shortage and inflationary expectations which naturally tend to limit industrial output. According to S.P.O. figures, the rate of increase of industrial output was considerably high in 1977, decreasing in 1978 and later showing a small increase in 1979. (See Table 6.19).

Imports of industrial inputs played a major part in the determination of the level of industrial output. Examination of Table 6.19 shows that a considerable increase took place in 1977 when imports increased by 11.7 per cent, while industrial output increased by 11 per cent. The share of imports in industrial output remained constant at 13.2 per cent of the industrial market. In 1978 imports drastically decreased by 32.8 per cent causing industrial output to decrease by 0.4 per cent. It can be assumed that stocks of industrial output have been used for the production process yet, as a result of these contractions, the industrial market decreased by 1.6 per cent. The share of imports in the industrial market went down from 13.2 per cent to 10.4 per cent. In 1979, a small amelioration took place caused mainly by an increase in imports of 12.5 per cent that favourably affected the industrial output by 2.3 per cent. Those bottlenecks which had a negative effect on the economy did not allow industrial output to increase further. As a result of these developments, the industrial market increased by only 1 per cent, and the share of imports increased to 11.6 per cent in 1979, from 10.4 per cent in 1978. The dependence of the markets on imports was, as shown in Table 6.20, 10.3 per cent in 1979 or 10.6 per cent if "imports with waiver" are included.

6.4.3 Macro-Equilibrium of the Economy

Total investments seem to have contributed much to the crisis by increasing exceedingly rapidly especially betwen 1973 and 1977. With the crisis, total investments went down from 23.6 per cent of total resources in 1977, to 20.3 per cent in 1978 and to 17.9 per cent in 1979. The decrease was felt mostly in the fixed capital investments

Table 6.19 The Size of the Industrial Market, 1976-1979 (Million $)

	1976	1977	1978	1979
Industrial Output	26,492.1	29,643.5	29,507.8	30,182.3
Imports	3,959.6	4,421.3	3,414.4	3,842.3
Exports	(-) 595.8	(-)585.8	(-)621.3	(-)785.1
Industrial Market	29,855.9	33,470.1	32,922.3	33,239.5
Share of Imports	13.3	13.2	10.4	11.6
Annual % Rate of Increase of:				
-Industrial Output		11.0	-0.4	2.3
-Imports		11.7	-32.8	12.5
-Exports		-1.7	6.1	26.4
-Industrial Market		12.1	-1.6	1.0

SOURCE: S.P.O. 1980

Table 6.20 The Size of the Markets of the Turkish Economy , 1979 (Million $)

	Value of Production	Imports	Exports	Market Size
Agriculture	14,265.2	36.6	1,343.6	12,958.2
Mining	642.8	1,067.6	132.5	1,577.9
Energy	573.8			
Manufacturing	30,182.3	3,842.3	785.1	33,239.5
TOTAL	45,664.1	4,946.5	2,261.2	47,775.6
Imports with Waiver		123.0		
		5,069.5		

SOURCE: S.P.O. 1980.

as stocks did not show a very marked change. There was also a big build-up of stocks in 1977, a small decrease from 2.2 per cent to 2 per cent in 1978 and a new build-up to 2.1 per cent in 1979. (See Table 6.21).

Both the private and the public sector reacted to the economic crisis by reducing their fixed capital investments. The private sector, more sensitive to "conjunctural" changes started to decrease its investments in 1977, whereas the public sector made yet another jump by increasing its share of investment to 11.5 per cent of total resources. As Table 6.21 shcws, total consumption increased considerably in 1978 and 1979 as a result of relatively rapid industrialisation after 1970 and consequently there were changes in general life style, and growth of population coupled with high inflation rates. The most typical characteristic of the Turkish economy, therefore, is that the demand exceeds the supply for industrial and consumer products.[24]

Consumption which used to appropriate roughly 78 per cent of total resources jumped to 80 per cent in 1978 and to 82 per cent in 1979. Public and private sectors did not react in the same way. Public consumption restricted as it is, by availability of tax resources, decreased its current expenditures in the same way as it has done with public investment. The public sector restricted its current expenditures from 12.9 per cent of total resources in 1977 to 10.7 per cent in 1979. Private consumption which used to get 70 per cent of total resources in 1974, dropped considerably and attained a record low level of 63.5 per cent in 1977 which changed immediately afterwards to 68.4 in 1978 and 71.4 per cent in 1979.

As Table 6.22 indicates, total available resources in 1979 did not grow at all. Fixed capital investment which had already declined by 10.9 per cent in 1978, fell by 8.8 per cent in real terms. Public sector fixed capital invesments were reduced by 5.2 per cent due to budgetary difficulties and limitations on credit expansion. Private investment also declined by 13.4 per cent which resulted from a sharper fall in industrial and business investments due to the

(24) Kurtuluş (1980), pp.38-45.

Table 6.21 Macro-Equilibiurm of the Turkish Economy, 1973-1979 (in Current Prices, as % of Total Resources)

	1973	1974	1975	1976	1977	1978	1979
G.N.P.	102.2	97.7	95.1	94.6	93.4	97.5	98.1
Foreign Deficit	-2.2	2.3	4.9	5.4	6.6	2.5	1.9
Total Resources	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Investments	18.4	19.4	21.8	22.0	23.6	20.3	17.9
-Fixed Capital Investment	17.6	16.7	18.9	20.6	21.4	18.3	15.8
-Public	8.3	8.0	9.5	10.6	11.5	9.5	8.5
-Private	9.3	8.7	9.4	10.0	9.9	8.8	7.3
-Changes in Stocks	0.8	2.7	2.9	1.4	2.2	2.0	2.1
Consumption	81.6	80.6	78.2	78.0	76.4	79.7	82.1
-Public	12.2	10.7	11.3	12.0	12.9	11.3	10.7
-Private	69.4	69.9	66.9	66.0	63.5	68.4	71.4

SOURCE: S.P.O., Yearly Programmes.

depressed general economic climate, accompanied by an increase in residential construction because demand for housing in the over-crowded cities continued to grow as investors were looking for inflation-proof assets. In fact, in recent years there were periods of high growth in the construction sector. Being hit by the domestic squeeze and by the loss of property's relative attractions as an investment medium when interest rates rose, construction companies began to look abroad for business opportunities.

Although total consumption increased by a small percentage reflecting a further decline in national savings, public consumption fell by 1.7 per cent and private consumption increased by 2.7 per cent as people have looked for alternatives which could enable them to hedge against inflation such as real estate, land, foreign exchange and consumer durables. Following these developments, investments decreased by 13.2 per cent in the private sector and by 5 per cent in the public during 1979 (see Table 6.23).

Table 6.22 Resources and Uses, 1963-1979 (Annual Percentage Volume Changes)

	1963/1967	1968/1972	1973/1977	1978	1979
GNP	6.7	7.1	6.5	3.0	0.2
Total Fixed Investment	9.4	8.1	14.8	-10.9	-8.8
Public	8.5	6.5	16.7	-13.8	-5.2
Private	10.5	9.8	12.8	-6.8	-13.4
Total Consumption	5.2	6.6	6.8	1.2	2.0
Public	7.7	12.3	10.4	-3.3	-1.7
Private	4.8	5.5	6.2	2.2	2.7
Total National Savings	16.2	9.1	6.3	0	-7.2

SOURCE: S P O, Yearly Programmes

As Table 6.23 indicates, investments in agriculture, manufacturing industry, transportation and more relatively tourism, were considerably hit in the case of private investment. The public sector also decreased its investments in agriculture, housing, education and to a lesser extent, in transportation, tourism and health, all of which are related to the subject whether it be directly or indirectly.

As a result of these trends, the sectoral distribution of investment changed considerably as presented in Table 6.24. Investments in agriculture were considerably decreased from 13.7 per cent in 1976 to 8.5 per cent in 1979. Mining on the other hand, showed a relative increase from 3.3 per cent in 1975 to 5.4 per cent in 1979. Investments in manufacturing were decreased gradually from 30.2 per cent of the total in 1975 to 22.5 per cent in 1979. Investments in energy, on the other hand, showed a gradual increase from 6.5 per cent in 1975 to 11.4 per cent in 1979. Investments in transportation continued to increase relatively in spite of the petroleum crisis up to 1978 when it attained 23.8 per cent of total investments and equalled investments in manufacturing which attained 23.7 per cent in the same year. Investments in transportation, however, quickly decreased to 19.8 per cent in 1979. While investments in housing increased from 15.7 per cent in 1976 to 20.7 in 1979, in education they decreased

Table 6.23 Private and Public Investments, 1978/1979 (in 1978 Prices, Million TL.)

	Private Investments			Public Investments		
	1978	1979	% Change	1978	1979	% Change
Agriculture	15,100	10,146	-32.8	13,971	10,084	-27.8
Mining	500	954	90.8	10,860	12,147	11.9
Manufacture	33,850	24,143	-28.7	27,900	29,428	5.5
Energy	240	350	45.8	25,163	27,145	7.9
Transportation	29,800	19,800	-33.6	32,232	27,049	-15.8
Tourism	1,260	834	-33.8	1,171	968	-17.3
Housing	41,500	46,493	12.0	3,792	2,703	-28.7
Education	250	303	21.2	6,526	4,223	-35.3
Health	100	419	319.0	2,946	2,490	-15.5
Other Services	3,500	5,982	70.9	10,400	12,032	15.7
Total	126,100	109,424	-13.2	134,961	128,269	-5.0
% of Total Investments	48.3	46.0		51.7	54.0	

SOURCE: S.P.O., Yearly Programmes.

Table 6.24 Sectoral Distribution of Fixed Capital Investments, 1975-1979 (Percentage)

	1975	1976	1977	1978	1979
Agriculture	10.3	13.7	12.7	11.1	8.5
Mining	3.3	4.0	3.8	4.4	5.4
Manufacture	30.2	26.1	24.8	23.7	22.5
Energy	6.5	7.8	8.0	9.7	11.4
Transportation	20.7	21.3	23.3	23.8	19.8
Tourism	0.9	0.8	0.8	0.9	0.8
Housing	18.0	15.7	16.0	17.3	20.7
Education	3.3	3.6	2.8	2.6	2.0
Health	1.1	1.2	1.0	1.2	1.2
Other Services	5.7	5.8	6.8	5.3	7.7

SOURCE: S.P.O., Yearly Programmes.

considerably from 3.6 per cent to 2 per cent in the same years. Investments in tourism did not show any appreciable change.

6.4.4 Prices and Incomes

The world entered the 1980's with greatly accelerated inflationary trends, as witnessed by the fact that the O.E.C.D. countries, which had an annual inflation rate of 8.7 per cent in 1977, reached 10 per cent in 1979.(25) As a result of an increase in crude oil prices in 1979 (almost $ 12 per barrel), the "hikes" in both raw materials and finished products resulted in a faster price rise in developing countries, of which Turkey severely felt the pressure of the situation. The role of internal factors, however, seems to be more important in the inflation which attained higher figures in Turkey. Furthermore, recent political and economic events

(25) According to data released by O.E.C.D. in 1980, inflation rate was 73.2 per cent in Iceland, 24.5% in Greece, 20% in the U.S.A., 14.6 % in U.K., and 13.7% in France.

(Iranian revolution, O.P.E.C. price increases, Soviet intervention in Afghanistan and death of Marshall Tito etc) have pushed the world gold prices from a level of US $ 225 per ounce in 1979 to an amazing $ 524.50 which is also noticeable and in the same ratio in Turkey.(26)

The rate of inflation, as measured by the official whole sale price index, reached a year-to-year rate of 81 per cent by the end of 1979, with an acceleration during the year. The largest price increases were recorded in industrial raw materials and semi-finished product prices, which were about 100 per cent higher than twelve months earlier. Food prices also rose rapidly by 73 per cent compared to the end of 1978. As was to be expected, the cost of living indices calculated for larger cities showed similar accelerations; for example, the rate of increase of the index for İstanbul rose from 54 per cent during December 1978 to 82 per cent during 1979, (see Table 6.25). To some extent, the strong price rises observed in 1978 and 1979 resulted from adjustments of officially controlled prices for a broad range of services, essential inputs for industry, and consumer goods. Price increases also reflected successive devaluations of the Turkish Lira in March 1978 and April-July 1979.

Table 6.25 Price Developments, 1978-1980 (Percentage Change over Previous Year)

	1978				1979				1980
	March	June	Sept.	Dec.	March	June	Sept.	Dec.	Jan.
Wholesale prices	48.0	51.5	53.5	48.0	51.0	68.0	65.9	81.4	89.1
Food	41.5	45.3	48.7	30.7	41.3	46.9	50.9	72.9	73.4
Industrial raw materials and semi-finished products	60.3	63.1	61.4	70.5	67.0	102.8	88.1	103.4	111.9
Cost of living									
Ankara	38.6	58.5	65.6	52.0	61.4	56.6	60.8	71.7	82.4
İstanbul	56.2	70.6	67.2	53.9	48.0	59.6	69.8	81.8	96.2

SOURCE: O.E.C.D., "O.E.C.D. Economic Surveys - Turkey", O.E.C.D., April 1980, p.9, Table 5.

(26) Turkish Union of Chambers of Commerce and Industry and of Commodity Exchanges (1980), p.148.

Table 6.26 Wage Indicators, 1976-1979

	1976		1977		1978		1979	
	TL.	% Change	TL.	% Change	TL.	% Change	TL.	% Change
Nominal Wages (1)	111.5	34.7	146.5	27.1	207.9	41.9	254.3 (3)	22.4
Public Sector	132.2	34.5	178.2	34.8	244.5	37.2	-	-
Private Sector	105.9	34.6	218.7	21.5	185.6	44.2	-	-
Real Wages (1) (2)	60.2	16.9	59.5	-1.2	52.2	-12.3	48.8 (3)	-6.5
Public Sector	69.0	16.8	72.4	4.9	61.4	-15.2	-	-
Private Sector	58.3	16.7	52.3	-5.4	46.5	-11.1	-	-
Minimum Daily Wages								
Non-agricultural sector	60.0	50.0	60.0	-	110.0	83.3	180.0	63.6
Agricultural sector	50.0	51.1	50.0	-	90.0	80.0	160.0	77.7

(1) Insured Workers

(2) Adjusted to Istanbul cost of living index

(3) Provisional

SOURCE: O.E.C.D. (1980), Table 6.

These price shocks, resulting in effect from a release of "suppressed" inflation, were followed fairly quickly by corresponding adjustments of incomes through the collective bargaining process and increases of farm prices, civil servants' salaries and legal minimum wages (see Tables 6.26 and 6.27).

Afore-mentioned collective bargaining settlements in 1979 (often under the threat of strikes) are reported to have resulted in increases in hourly wages of 100 per cent and more for the first year of a new two-year agreement, as well as an improvement in various fringe benefits. It is apparently not uncommon for wage agreements in industry to include substantial bonus payments and other benefits, but published wage statistics reflect this state of affairs only inadequately as they are based on a relatively small segment of wage-earners and do not take account of the incidence of fringe benefits.

The marked increase in farm prices in 1979 compared to the preceding two years was to some extent justified by the increase in the prices of agricultural inputs, but these price increases obviously made the task of stabilisation policy more difficult.

Table 6.27 Agricultural Support Prices, 1977-1979 (TL./per Kg.)

	1977	% Change	1978	% Change	1979	% Change
Hazelnuts	16.50	13.8	23.50	30.3	37.50	59.6
Sultanas	12.00	4.3	17.50	45.8	45.00	157.1
Dried Figs	8.00	14.3	10.50	31.2	22.00	109.5
Pistachios	27.00	-	55.00	103.7	150.00	172.7
Wheat (average)	2.90	11.5	3.25	12.1	5.30	63.0
Cotton (average)	10.50	5.0	12.50	19.0	25.00	100.0
Tobacco (average)	50.00	11.1	57.00	14.0	75.00	31.6
Olive Oil (per Litre)	23.00	27.8	30.00	30.4	(no floor)	-
Sugarbeet	0.63	8.6	0.80	27.0	1.30	62.5
Sunflower Seeds	6.50	13.0	8.50	30.8	16.00	88.2
Tea	10.00	17.6	12.00	20.0	14.50	20.8
Total amount paid to Producers (TL. billion)	47.6		52.8		103.4 (1)	
As % of Agricultural income	21.7%		17.5%		23.3%	

(1) Estimate

SOURCE: S.P.O., Annual Programmes.

It is also an element in the situation that few farmers particularly those above subsistence level, pay direct taxes and many benefit from subsidies in various forms. Up to 1973, agricultural support prices in Turkey were not of major importance inside overall agricultural income. Payments made to producers through the agricultural support programme amounted to 13 per cent of total agricultural income. In 1974 it jumped to 19.2 per cent and, as Table 6.27 shows, in 1979 it reached 23.3 per cent.

Other factors contributing to inflation can be summarised as follows: decrease in the supply of agricultural products;[27] industrial products; Gross Domestic Product; in the imports of commodities. In certain cases, the decrease in supply has been the consequence of an inability to increase supply, delays in investment and in building infrastructure, bottlenecks in energy, foreign exchange, raw materials and decreases

(27) Even positive rates of increase might limit supply if they are below the population growth rate, such as the 2.3% increase in agricultural production in 1979.

in production due to strikes and lockouts. Secondly, a number of factors affecting aggregate demand have also contributed to the high inflation rate.
Among these are:

- The foreign exchange influx of workers' remittances which is used mainly for the purchase of land, real estate, consumer durables and other consumer goods.
- Deficits of State Economic Enterprises (SEE's) which increased the currency in circulation and the money supply. Financing deficits compelled them to resort time and time again to the Central Bank.
- Net domestic credit to the public sector as the financing needs of the public sector could only be partially realised through the budget.
- As a result of these policies, an excessive increase in the supply of money as can be summarised in the table below.

Table 6.28 Main Reasons for Price Rises, 1970-1979 (index 1970 = 100)

Year	National Income	Banknotes Issued	Central Bank Credits	Budget	Prices
1970	100.0	100.0	100.0	100.0	100.0
1971	110.2	122.4	111.7	139.3	115.9
1972	118.4	144.1	134.1	154.4	136.8
1973	124.7	182.0	191.4	201.1	164.8
1974	134.0	236.1	314.6	258.0	214.0
1975	144.6	294.2	375.9	376.6	235.5
1976	155.7	374.1	664.8	543.3	272.2
1977	163.5	559.7	1208.9	943.3	333.7
1978	167.5	816.8	1535.0	1631.9	513.3
1979	167.8	1314.4	2623.4	2735.5	844.7

SOURCE: S.P.O. 1980.

As Table 6.28 shows, real income increased by 67.8 per cent during the last decade, banknotes issued went up 13 times, Central Bank credits 26 times, the budget 27 times, thus prices went up to 845 in 1979 from 100 in 1970. Consequently, excessive increases in the demand side of the equation and excessive decreases in the supply side, too much money chased too few goods, a mass consumption hysteria developed based on inflationary expectations which in return reduced savings.

Following the stabilsation measures of January 1980, 25 State Economic Enterprises and private firms increased their prices. As a result of these price rises the wholesale price index shot up by a record rate of 29.2 per cent in the month of February 1980. In the following two months, the rate of price increases dropped considerably showing only 4.4 per cent increase in March, 3.5 in April and 2.9 per cent in May. It can be assumed that the drop in the rate of inflation is to a large extent due to the tight monetary policy together with the decline in the demand following the huge price increases of January and February, and the mushrooming of many consumer durables on the market. Although reliable official statistics on consumption expenditures are not available, the belief, commonly shared by the industrialists and businessmen is that huge price increases simply put many commodities beyond the reach of the average consumer, who could do nothing but cut down his consumption of many goods and services.[28]

6.4.5 Foreign Trade and Payments

The current external deficit, which was $ 3.4 billion in 1977, was reduced to around $ 1.5 billion in 1978 and 1979. The successive devaluations of the Turkish Lira in March 1978 and April 1979[29] no doubt, contributed to expanding exports and, notably in 1979, boosting receipts from tourism and workers' remittances, however, the major burden of the adjustment was carried by imports which were substantially cut back in 1978 and which increased only moderately in current dollar terms during 1979.

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(28) TÜSİAD (1980), p.307.

(29) The lira was devalued on 1st March 1978 from TL. 19 per US $ 1 to TL. 25 per $ 1, and on 10th April 1979 to TL. 47 per US $ 1 for workers' remittances and tourist receipts. On 10th June 1979, the lira was generally adjusted to TL. 47 per US $ 1; for agricultural exports and imports of oil, chemicals etc., the rate became TL. 35 per US $ 1; O E C D (1980),"O.E.C.D. Economic Surveys - Turkey", p.12. As inflation could not be curbed even with these operations, the value of US $ was raised to TL. 70 in January 1980 and since then it has been readjusted several times.

Capital movements did not show any appreciable balance. Repayments of debts and other negative items brought the balance of capital movements close to a break-even so that the current account deficit was reflected in the overall balance which was financed principally through foreign aid flows and medium-term Euro-loans.

Due to unfavourable developments of foreign trade from 1977 onwards, the total imports and exports ratio to G.D.P. was found to be 12.4 in 1979.(30) This situation is indicative of the fact that the Turkish economy is gradually becoming a self-contained system and it explains some of the reasons behind the current economic crisis. Turkish exports, for example, were a mere 4 per cent of the G.D.P. between 1975 and 1979. It is evident that this percentage is far too low to meet the country's needs, and the inadequacy of imports has seriously hamstrung the investments, and reduced the production and the growth rate in the industry which has taken a dip towards negative values.

6.4.5.1 Imports

In order to reduce the unsustainable trade deficit, Turkey's imports were cut back by some 20 per cent in 1978 (and more than one-third in volume). The largest reductions occurred in imports of iron and steel, machinery and motor vehicles, whilst imports of items considered essential, such as oil, chemicals, and fertilisers were maintained more or less at their previous level. In 1979, these same products had priority in the allocation of foreign exchange, whilst imports of motor vehicles (mainly buses, tractors, and parts) were reduced further. It is estimated that the recorded volume of total imports fell by another 20 per cent, but substantial price increases for oil, and oil based products, raised the total import bill to $ 5.1 billion (see Table 6.29).

The massive reduction of imported supplies led to disruptions in domestic production as spare parts, raw material inputs, packing material, etc. became scarce, and the energy shortage caused frequent power cuts. The situation would have been even worse had it not

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(30) This ratio fluctuates around 22% in developing countries, and figures as high as 86% are noted in such countries as Israel; Turkish Union of Chamber of Commerce and Industry and of Commodity Exchanges (1980), p.185.

been for the existence of a sizeable "parallel market" consisting of hoards of unrecorded imports, whose size is difficult to estimate but which appears to have been of considerable dimension.

Table 6.29 Imports by Commodities, 1977-1979 (US $ Millions)

	1977	1978	1979
I Agriculture and livestock	112	50	36
II Mining and Quarrying	1,263	1,134	1,068
Crude Oil	1,152	1,044	962
Others	110	90	106
III Industrial Products	4,320	3,295	3,842
Agriculture based processed products	58	50	115
Petroleum products	284	352	750
Industrial products	3,978	2,893	2,977
Chemicals	555	476	524
Fertiliser	214	283	356
Rubber and Plastics	266	154	145
Leather and Hide	+	+	+
Forestry Products	2	2	1
Textiles	51	50	46
Glass and Ceramics	25	18	28
Iron and Steel	690	408	345
Non-ferrous Metal Industry	97	42	55
Metal Products	15	20	14
Machinery	1,060	761	903
Electrical Appliances	291	218	251
Motor Vehicles	572	378	221
Other Industrial products	140	83	88
IV Imports with waiver	102	120	123
TOTAL	5,796	4,599	5,069

SOURCE: S.P.O. 1980

6.4.5.2 Exports

The ever-growing foreign trade gap in Turkey has been a matter of concern since the beginning of the planned era and a variety of measures was introduced to promote the export trade. In drawing up the economic programmes for 1978 and 1979, the authorities had stated that greater effots would be exerted to boost exports, which in the past had tended to stagnate at a relatively low level in terms of G.D.P. New dimensions were given to this sector by the resolutions of January 1980 which contained a series of incentives to be managed by a new department established directly under the Prime Ministry. This goal was achieved to some extent through the exchange rate alignment and various incentives to exporters and by direct efforts to set up trade with the Middle East oil producing countries and communist block countries. Additional exports consisted of agricultural products (cereals, fruits and vegetables, tobacco and meat), processed agricultural products and textiles. There was also a small increase in exports of building materials (cement, glass and ceramics, and structural steel), in connection with engineering contracts won by Turkish firms in the Middle Eastern countries, notably in Libya. A much discussed great white hope for export growth is, therefore, future projections for construction companies abroad which sometimes go skyhigh and are estimated to reach $ 10 billion at the end of 1982.(31) The contracts won in the fierce price competition, however, do nothing much for Turkey's balance of payments as there is little profit to be remitted. Furthermore, Turkish firms increased sales abroad, of machinery and motor vehicles, though the quantities involved were not significant, given the small capacities of these industries, and their lack of international competitiveness.

As Table 6.30 shows, altogether, in 1978 exports amounted to $ 2.3 billion, rising from $1.8 billion in 1977, however, 1979 saw a small decline due to speculation that a further devaluation of the Turkish lira might be in the offing, as well as an unrealistically low rate of exchange for agricultural exports; shortages of oil and raw materials may also have hampered exports.

Evidence available shows that Turkish exports are increasing due to the beneficial spin-offs of the war between Iran and Iraq. Turkish trade with these countries is now lively and the geographical direction of exports is also changing. In 1979, for example, 49 per cent of exports went to the E.E.C. and 13 per cent to the Middle East. In the first four months of 1981, that shifted to 30 per cent to the E.E.C. and 33 per cent to the Middle East(32) and it is believed that

(31) The Economist, "Turkey - A Survey", 12-18 Sept.1981, p.10.
(32) Ibid.

Table 6.30 Exports by Commodities, 1976-1979 (U.S. $ Millions)

	1976	1977	1978	1979
I Agriculture and livestock	1,254	1,041	1,542	1,344
Cereals and Pulses	70	120	262	164
Fruit and Vegetables	375	440	561	648
Hazelnuts	203	251	331	353
Dried Fruit	68	77	145	166
Fresh Fruit and Vegetables	119	114	85	129
Industrial Products	734	432	617	448
Cotton	434	210	348	228
Tobacco	251	176	225	177
Others	49	46	44	43
Livestock and Fishery	75	49	102	84
II Mining and Quarrying	110	126	124	132
III Industrial Products	596	586	622	785
Agriculture-based processed products	98	136	110	151
Petroleum products	16	-	-	-
Industrial products	482	450	511	634
Cement	16	9	40	45
Chemicals	47	34	24	24
Rubber and Plastics	3	3	2	3
Hides and Leather	50	52	40	44
Forestry Products	7	1	1	2
Textiles	263	260	309	378
Glass and Ceramics	20	27	30	37
Iron and Steel	22	14	21	31
Non-ferrous metal Industry	17	20	12	15
Metal Products	8	5	6	6
Machinery	8	9	12	12
Electrical Appliances	2	3	4	4
Motor Vehicles	9	9	6	27
Other Industrial Products	10	4	4	8
TOTAL	1,960	1,753	2,288	2,261

SOURCE: S.P.O. 1980.

this shift will continue for some years to come.

6.4.5.3 Invisible Transactions

In 1978, net invisible receipts contributed $ 792 million to Turkey's balance of payments, 28 per cent more than in the preceding year. The improvement was due principally, to the ban on travel abroad by Turkish tourists and lower profit transfers. Workers' remittances stagnated at the 1977 level despite the devaluation of the Turkish lira in March. The disappointing growth of official recorded tourist receipts and workers' remittances can probably be explained by the existence of a substantial premium over the offical exchange rate in the black market which had been reduced but not wiped out by the devaluation. In 1979, Turkey's invisible transactions balance improved significantly; compared to the 1978 turnout it almost doubled, reaching a record of $ 1.5 billion. The main contributing factor was a one-time increase in workers' remittances during April-May, following the announcement of a special premium, limited to a two month period. When the new rate was made permanent by the devaluation of the Turkish lira in June, it had no significant stimulating effect on the flow of remittances thereafter. There was also an increase, albeit much smaller, in official foreign exchange receipts in respect of tourism. The number of foreign tourists visiting Turkey, however, appears to have stagnated despite official attempts to attract more of the international tourism business, and recorded increase of net tourism receipts from $ 145 million in 1978 to $ 186 million in 1979 was probably due to a combination of higher prices, somewhat longer average stays, and a greater volume of exchange transactions through official channels. (For details see Chapter 8).

Interest payments on Turkey's foreign debt (gross) were $ 489 million in 1978. In 1979, the figure rose to $ 629 million as the result of large-scale borrowing abroad in recent years, and the rising rates of interest. The trend of a rising interest burden on the balance of payments is likely to continue as long as the external deficit remains large and Eurodollar rates stay at their present very high level.

6.4.5.4 Financing the Current Account and Balance of Payments

The balance of payments has been one of the main problems for Turkey during the last decade. The current account deficit of $1.5 billion in 1978 was met mainly through the use of project

Table 6.31 Balance of Payments, 1977-1979 (U.S. $ Millions)

	1977	1978	1979 (provisional)
Foreign Trade	-4,043	-2,311	-2,808
Exports (fob)	1,753	2,288	2,261
Imports (cif)	5,796	4,599	5,069
of which oil	1,436	1,395	1,712
Invisible Transactions	618	792	1,459
Workers' Remittances	982	983	1,694
Interest Payments (gross)	-360	-489	-629
Tourism (net)	-65	145	186
Profit Transfers	-116	-47	-42
Other Services (net)	177	200	250
Current Account	-3,425	-1,519	-1,349
Capital Account	1,533	1,184	385
Foreign Direct Investment	67	47	87
Imports with Waiver	102	120	123
Project Credits	499	450	356
Programme Credits	4	110	485 (*)
Private Bank loans	-	100	200
Acceptance Credits (net)	710	350	-427
Petroleum loans	365	163	-174
Debt Repayment (gross)	-214	-451	-715
Debt Relief	-	295	450
Overall Balance	-1,892	-335	-964
Financing	2,114	871	254
Change in Official Reserves	560	-148	37
I.M.F. (net)	-	175	30
Change in other liabilities	1,554	844	187
Errors and Omissions	-219	-536	710

(*) Including U.S. $ 150 million programme loan by World Bank and 1979 O.E.C.D. Special Assistance Action.

SOURCE: Ministry of Finance, Ankara.

credits in the "pipeline" ($ 450 million), official debt relief ($ 295 million), and a small number of individual loans by governments and private corporations ($ 373 million). Turkey also received some $ 175 million from the I.M.F. under the existing stand-by agreement. Foreign direct investment played a relatively minor role ($ 47 million).

Other liabilities (mainly trade credits) are reported to have increased by $ 844 million. The item "errors and omissions", however, was also unusually large (- $ 536 million). See Table 6.31.

In 1979, the current account deficit came to $ 1.3 billion, and could be financed to a large extent by long-term capital imports. Turkey secured a fresh international bank loan of $ 407 million, and sixteen O.E.C.D. governments extended aid totalling $ 961 million, of which only about one third was utilised in that year. O.E.C.D., countries and international banks also granted substantial debt relief by agreeing to roll over debt (including short-term Euroloans) totalling about $ 4 billion. In contrast, as the table shows, the volume of trade credits fell as the growing foreign exchange shortage obliged Turkish commercial banks to reduce their committments by $ 427 million. The I.M.F. disbursed the first part of a new stand-by credit arranged in July 1979, however, the net flow of I.M.F. credits came to only $ 39 million. Altogether, the financing of the external payments gap became somewhat "classical" and thus more sound in 1979, as a result of the substantial debt restructuring exercise carried out by Turkey's official and private creditors. Foreign debt projections, nevertheless, show that repaying foreign credits will remain a heavy burden on the balance of payments for some years to come. According to data available, it seems that although various export incentives such as cheap credit, foreign travel, priority access to imports introduced after 1979, mainly by the Military Coup, were considerable rewards to the exporter, a flurry of exports will not eliminate Turkey's suffocating balance of payments constraint. The I.M.F., keen to see an export boom induced by a competitive exchange rate, worried that exports were being artificially encouraged as they had been previously artifically suppressed. Even if the I.M.F. and O.E.C.D.'s special assistance money comes, there will still be a substantial amount to be found if suppliers are to be paid and bottlenecks from import shortages prevented. The significance of this is that instead of maintaining planned economic growth which should be no less than 2.6 per cent increase in population, the government is going abroad for assitance to finance its debts. This highlights the problem that, in contrast with its oil-rich neighbours to the South , Turkey lacks any major export commodity for which it has a monopoly or for which there is a potential export cartel. Its potential maybe vast, but remains largely unexplored.

6.5 Turkey - E.E.C. Relations

The Turkey - E.E.C. association goes back almost to the beginning of the E.E.C. Indeed, Turkey applied to the six for the conclusion of an Association Agreement in July 1959. Negotiations led to the signing of the Agreement in Ankara on 12th September 1963 which came into force on 1st December 1964. The Turkish association has two principal objectives. In the short term it aims to reduce the gap between the economy of Turkey and those of the member states of the community. In the long term the agreement envisages Turkey's accession to the Community.

For Turkey, it is natural to turn to Western Europe, on which it has modelled itself over the last half-century for support and solidarity. For a politically mature European Community, Turkey would be an obvious partner. Her strategic position-frontier with the Soviet Union, buffer between Europe and the Middle East on which due to latest developments the world's attention is focused, make what happens to Turkey a vital matter for Western Europe. It is, however, argued that a Turkey prey to instability and foreign intervention would be a disquieting neighbour, given its vast potential. Economically too, a developing Turkey is a potentially valuable partner: a vast market, and also rich in something Western Europe will be increasingly short of - space, be it for recreation or for industry.(33) In view of these points, it is of great importance that Turkey - EEC relations play an important part in the international tourism field, particularly business travel and its consequent effects.

With the aforementioned objectives in view, the Agreement foresaw the progressive establishment of a Customs Union between Turkey and the Community. The agreement provided for three successive stages

(33) Agenor 66 (1977), p.22.

namely the Preparatory, Transitional and Final stages to strengthen the Turkish economy by means of unilateral tariff concessions and financial assistance. At the end of the five-year preparatory stage, Turkey and the Community decided to proceed to the Transtitional stage and began negotiating an Additional and Supplementary Protocol which contained some modifications. (For milestones in Turkey - E.E.C. relations; see Appendix 6.13).

6.5.1 Problems which have Arisen

Fairly soon after the entry into force of the Additional Protocol, signed in 1970, Turkey-E.E.C., relations began to deteriorate. This was linked to the broader international context of the oil crisis and the ensuing recession in Western Europe. The recession, for instance, meant large increases in unemployment in Western Europe with a resulting fall in recruitment of Turkish workers and a distinct diversion to Middle-Eastern countries. In addition to this, however, complaints began to be heard in Turkey about several specific problems as follows:

(i) Agricultural Concessions: As the Community launched its Mediterranean policy in the early 1970's, agricultural concessions were made to many of the Mediterranean countries. This reduced Turkey's tariff advantage for a number of products. Indeed in certain cases, other non-member states received better tariff concessions than Turkey (usually this concerned Morocco, Algeria and Tunisia, which were given better concessions to offset the loss of the tariff-free entry they had previously enjoyed on the market of the ex-colonial, France). In Turkey, however, apart from the commercial loss involved, this was viewed as a matter of principle, as Turkey is an Associated State working towards membership of the Community and she should receive better treatment than third-party countries.

(ii) Industrialisation: In Turkey the fear was that the opening of the economy to foreign competition would endanger the whole process of industrialisation. Some sectors, which had grown up behind protective barriers, were concerned whether they could survive free competition. Infant industries in particular were felt to be at high risk if they had to compete on equal terms with commodity products from the outset. Thus there have been demands for greater flexibility in the Additional Protocol to allow Turkey to re-establish protection for infant industries where necessary.

(iii) Textiles: A further cause of friction has been the restrictions placed on Turkish textile exports to the E.E.C. When the Additional Protocol was signed many people in Turkey, with some encouragement from people in Europe, considered that Turkey would be able to take over the Community's textile market. Textile exports to the Community did indeed rise from $ 2 million in 1968 to $ 107 million in 1974, yet with the coming of the recession and massive redundancies in Western Europe, friction began. In 1975 the U.K. restricted Turkish cotton yarn exports to 1974 levels. Then in 1977, when the Community was negotiating with all its suppliers under the Multi-Fibre Agreement, the community asked Turkey to respect ceilings for certain exports. In September 1978 Turkish exports of cotton yarn to the U.K were frozen until the end of the year, because the ceilings were exceeded. The Turkish authorities have repeatedly stated that this - and the whole concept of ceilings - is against the spirit of the Association Agreement.

(iv) Social Questions: In negotiating the Additional Protocol, the Turkish authorities had hoped that the E.E.C. countries would continue to absorb workers, as it was not possible to create enough jobs in Turkey for all those entering the labour market. These expectations were, however, dashed when the recession in Western Europe put an end to recruitment of new workers. Furthermore, the Additional Protocol provided for the establishment of the free movement of labour between December 1976 and December 1986. In December 1976 a four-year first step towards free movement was negotiated that was to include "second priority" for Turkish workers. This meant that if it was decided to recruit workers from outside the Community for "unfilled vacancies", Turkish workers would be given priority.

There has been disillusionment in Turkey that this provision has not yet been realised. Discontent also centres on the fact that the Social Security problems in favour of Turkish workers contained in Article 39 have not yet been implemented.

(v) Enlargement: Turkey has been concerned that the enlargement of the Community to include Greece, Portugal and Spain will threaten its competitive position on the markets of the Nine. It is feared that new members could seek to delay the Turkish entry into the Common Market or might even block the application of Turkey by using their vetoes in the Council of Ministries. In fact, Greek entrance in 1981 widened these fears in Turkey.

(vi) Financial Aid: To these long-standing issues, the question of financial aid has been added in 1980. The chronic Balance of Payments difficulties have led the Turkish authorities to approach the Community for financial aid to help Turkey realise her objectives during the Fourth Five-Year Plan period (1979-1983).

It has been repeatedly stated that the aim of Turkish policy remains to be a full member of the E.E.C. The realisation of this aim, however, depends on further development of the Turkish economy which can be said to be making a new take off. This development is dependent not only on Turkey's own efforts but also on the help of the E.E.C.

6.5.2 View Points on Integration

Before entering into the discussion of future relations between Turkey and the E.E.C., it will be useful to clarify two main issues on the subject. The main question relates to the perspective within which Turkey is envisaging the next two decades, in other words, what are the expectations towards the year 2000, of Turkey, of Turkish industry, and of the Turkish entrepreneurs? The second question relates to the perspective within which E.E.C. member countries are viewing Turkey. What are their expectations of Turkey in the year 2000, and within this expectation model and the overall economic policies, where does Turkey stand?

Whatever the E.E.C. reality, the Turkish industry is facing serious difficulties in pursuing a sound, and self-sustaining economic growth because despite recent improvements, the present structure is far from satisfactory. One of the main reasons for these difficulties is the fact that development objectives and instruments were not determined in the most effective manner. Industrialisation, for example, was adopted as the vehicle to economic development but after half a century of industrialisation efforts, the quality of most industrial products leaves much to be desired: their costs are high; their competitiveness and marketability in world markets do not seem promising thus pushing Turkey into never-ending bottlenecks. This chain of problems, among other reasons, is related to the industrialisation policy which was based mainly on import substitution and carried out under a protective regime of import prohibitions in which the Turkish motor-car industry sets a good example that has been working well under-capacity and having serious problems arising from dependency on foreign components and dis-economies of small-scale production in the main plants and ancillary industries.(34) This is, however, not confined only to Turkey. Egypt's experience of import-substituting industrialisation, for example as in Turkey, also reflects the ill-conceived preference of the planners.(35) As a consequence of these policies, an industry was artificially created in Turkey and has grown since, unproductive, lacking competitiveness, producing expensive products, using resources in a wasteful way, disturbing the overall equilibrium of the economy, and producing diseconomies for the rest of the economy. In spite

(34) Akat (1978)

(35) The production of assembled cars in Egypt was not even directly foreign exchange saving; it used more foreign exchange per assembled car than was needed to import a finished car. Hansen (1972), p.80.

of the fact that the main motive behind industrialisation was to create an economy less dependent on the rest of the world, the Turkish industry has become more and more dependent abroad and its growth has observed considerable foreign resources, and added to the accumulation of foreign debts to the extent that Turkey became the third heaviest borrower after Brazil and Poland in the 1980's and it has a serious balance of payments deficit which is one of the main problems of the Turkish Industry in general.(36) Some people are still not aware that industrialisation, investment, and the building of factories are not targets themselves but instruments of the economic development and the economic welfare of Turkish society. They seem convinced that every factory built in advanced countries should have its twin in Turkey and do not understand that economic development can be realised with infrastructure, agriculture, transportation and other services developed at the same time. These are also main components of tourism development and are required for the healthy development of the tourism industry in any given country. On the other hand, soaring inflation since 1971, the persistence of keeping the Turkish lira overvalued, the recession in Turkey's main importing countries and the increases in oil prices, affected negatively the export/import ratio of the manufacturing sector, which has given undue emphasis to the satisfaction of domestic demand rather than to exports. In addition to these factors, there are also a number of structural elements which limit the competitiveness of the manufacturing sector as follows.(37)

(a) The size of the industrial firms is small while such firms are too numerous. This form of industrial organisation puts upward pressure on the cost of industrial goods.

(b) The basic raw materials are overpriced according to world market prices. This too affects negatively the cost of production.

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(36) To see how foreign capital and private creditors and domestic groups influence the choices of government officials in the midst of a foreign exchange crisis; McCauley (1979), Chp 8, Pp143-177.

(37) TÜSİAD (1980), p.228.

(c) In addition to the small installed capacity mentioned above, capacity utilisation is very low in industry for a number of reasons like difficulties in obtaining raw materials, energy shortages and bureaucratic bottlenecks.

(d) The degree of protection accorded to industrial goods in the form of quotas, import prohibitions and the like and increasing domestic demand has decreased cost consciousness in industry.

(e) The excessive dependence on imports of the manufacturing sector has largely contributed to the deficits in the balance of trade.

(f) Excessive land prices, high rents and other differential rents have negatively been affecting prices.

(g) Turkish industry seriously lacks infrastructure which inhibits the efficiency of its operation to a great extent.

(h) The capital of the industrial sector is far from adequate. This forces the enterprises into seeking unconventional ways of financing their operations and increases unit costs considerably.

(i) Turkish industry has not been able to transfer sufficiently advanced technology into Turkey.

(j) Turkish industry is far from being able to obtain regularly and on a continuous basis, the minimum of inputs that it needs.

If these features continue to form the true picture of the state of Turkish industry, not only integration with the E.E.C. but even the survival of Turkish industry will be in question. These excessively numerous negative factors allow for a note of optimism. If some of these factors hampering the healthy growth of Turkish industry were eliminated by a sounder economic policy as seems to be taking place under the leadership of the new economic minister, who was named economy minister of the year,[38] industrial products could become more competitive in world markets.

It must be insistently underlined that Turkish industry is far from able to compete with the industries of the E.E.C. member countries

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(38) Shirreff (1981), pp.24-34.

within the framework of existing conditions. Even if the tariff barrier is removed, the Turkish economy will not be able to find the finances to buy goods from E.E.C. member countries which are expected to amount to $ 5 billion worth of investment goods annually over the next five years. On the other hand, E.E.C. member countries will not be happy with an association with a country which has not the ability to purchase and which on the contrary, is in need of credits to make up for the deficiencies of its internal savings. It is also inconceivable that the E.E.C. will subsidise Turkey on a continuous basis. It is therefore, in the interests of the E.E.C. member countries to encourage Turkey to achieve economic viability which will permit her to conduct normal commercial relations with them and it is in the interests of both the E.E.C countries and Turkey to be able to generate resources in the medium term in line with the principles of independence. There is no doubt that the aim of the E.E.C. is to raise the economic level of Turkey although this might not be a voluntary contribution. The minimum requirements existing in Turkey's competitors, however, need to be granted also to the Turkish industry in order that the potential for competitiveness be allowed to emerge. On the other hand, E.E.C. countries might view the specialisation of Turkey in certain fields as a threat to their interests. The textile industry seems to be a good example as developing countries were advised to expand and specialise in it, but when developed, panic arose among the developed countries. The same seems to be true of electronics. Although it is the responsibility of Turkey to take the risk of specialising in cetain fields, it must be stressed that the main problem facing Turkish industry is the lack of upper level management and marketing skills for which possibilities existing in the E.E.C. can be sought.

The problems of European-Turkish relations cannot be reduced to economic categories, for they are also deeply rooted in domestic affairs. In Turkey, there are increasing doubts about the exclusive orientation towards Western production and consumption models which have so far led to greater disparities in personal, urban-rural and interregional income distributions, and increased "dissociation tendencies". With growing external trade problems these will most probably be intensified.

Turkish development strategy has so far emphasised industrialisation through import substitution. After planning periods, the results of this policy with regard to external trade have been: increased foreign dependence in the industrial field; a more diverse export structure - despite initial successes in the export of textiles (cotton fabrics); foreign exchange proceeds still depend very much on the export of primary agricultural products (particularly cotton, hazelnuts and tobacco); increased balance of payments problems which resulted in an international payment crisis.

Internally, the policy has produced a marked disparity in income development (inter-regional, inter-sectoral, inter-personal): import substitution sectors insufficiently oriented to the needs of mass consumption; a neglect of agricultural development; growing labour market problems despite considerable emigration. The growing foreign trade deficit did not directly result from the Ankara agreement but rather from the inward-looking development policy which has not given much attention to export structures and performance until very recent years. Enlargement of the E.E.C. will also aggravate problems of access for Turkish goods which are principally "sensitive" agricultural and industrial products. Because of E.E.C labour market problems, possibilities of a further export of workers to relieve the local labour market and acquire capital transfers will become more acute with the admission of the three Mediterranean countries. In addition, effective mobilisation of the remittances of Turkish workers abroad depends principally on the stability of Turkey's domestic and economic policies. Given the stage of development of the Turkish industrial sector, the agreed time schedule for the implementation of the customs union appears unrealistic. In the Turkish view, a review of the agreements providing for further protection of her infant industries would be a prerequisite for reducing structural defects. An important role would be played by intensified capital aid (in energy, mining, transportation, rural infrastructure) more technical aid (industrial and agricultural technology, technical consultation and training of skilled workers for small and medium sized industries, improved industrial standards and quality), and industrial cooperation (investment promotion, technology transfer, marketing), and accelerated access to resources of the European Development Fund are other possibilities.

As other Associates of the E.E.C., Turkey perceives her political and economic dependence on Europe as a severe constraint on national socio-economic development for it is argued that cooperation with the E.E.C. has neither prevented the widening of the development gap between the Community and its Associates , nor has it contributed to the emergence of economic structures allowing Turkey to become a secondary centre vis-a-vis the Middle East. Turkey is not only disappointed with the somewhat petty, protectionist attitude of the E.E.C. but also expresses major doubts about economic and political ties with Europe. Re-examination of the European option is deeply rooted in an identity crisis, and the search for alternatives aims at regaining some freedom in the economic as well as in the political field. The possible alternatives discussed, range from a "rapprochement" with the Socialist countries, through non-alignment to closer cooperation with the Islamic countries.

Cautiously assessing possible alternatives for Turkey, a rapprochement with the Socialist countries of Eastern Europe does not seem feasible because it is politically unacceptable to the majority of Turkey's bureaucratic and military elite especially after the military coup of 1980. Even if Turkey's demands for capital assistance, transfer of know-how and more advantageous terms of trade were to be fulfilled by the Socialist block, this would provoke strong opposition and political separation from the West, something which is almost out of the question under the new administration. Above all, the peripheral position with respect to the E.E.C. would be exchanged for one vis-à-vis the CMEA.

Internal factors, on the other hand, such as disappointment with the West, the growing importance of nationalist and religious groups and an increasing ideological polarisation have forced Turkey into closer links with the Islamic camp since 1974, which seems to be a more realistic option. A closer association with the Arab countries at the cost of Turkish-European relations is, however, not a viable alternative since Turkey largely depends on intensified technological and industrial cooperation with the E.E.C. for her further economic development. In addition there are still some historical barriers between Turkey and the Arab countries, thus the potential alternatives will either produce a new dependence or will result in doubtful cooperation, not really tailored to meet Turkish needs.

Furthering relations with the E.E.C., with special attention paid to the development needs of Turkey, seems to be a secondary solution which should be supplemented by stronger economic and political cooperation with other groups.(39) The basic adjustments needed to strengthen Turkey's economic position concern her development policies. New development strategies should be designed to foster economic growth, exploiting given resources as fully as possible, creating an institutional framework, conducive to flexibly directing investment activities, building up a technological support system and establishing an efficient export marketing system.

6.6 The Political Situation

At the time of this study, the political life of Turkey was at a very critical stage and the country was faced with severe problems. Up to 1980, the major political parties, mainly the Justice Party and the Republican Peoples Party represented various shades of the ideological spectrum. The Justice Party was generally considered as the champion of the free enterprise economy; the republicans favoured a mixed economy with a strong set of government controls. In the last decade both parties, however, formed coalition governments with small parties which delivered posts and recruited staff on political grounds rather than on merits which is one of the main causes of the disastrous economic situation analysed above.

In the early hours of September 12th 1980, the Turkish nation awoke to the sound of martial music blaring from radios. The short communiques repeated by an announcer at fifteen minute intervals indicated

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(39) Gsänger (1980), pp.279-289.

that the Turkish Armed Forces had assumed full control of the country, and that the leaders of the four major political parties had been placed under temporary protective custody. A nationwide curfew had been imposed, and the country's borders sealed. Less than twenty-four hours later, the situation in the country had returned to normal. The daylight curfew had been lifted, the country's borders had been opened again, and most importantly there had been absolutely no bloodshed, no resistance to the Coup, and no dislocation of normal life had taken place about which many Turks seemed pleased hoping that the army would restore law and order first, and then democracy.[40] Shortly after the takeover, it was announced that the country would hence forth be ruled by a National Security Council, led by Chief of the General Staff, General Kenan Evren, and including four other commanders. The Turkish nation as a whole welcomed the coup, and hoped that it would bring a rapid solution to the accelerating terrorism which claimed 2,000 lives in 1980 alone. A coup had been expected for months. Indeed, it seems incredible that the military could restrain itself for so long and show so much patience in view of the grave situation in the country.[41]

6.6.1 The Army's Role in the Past

On two previous occasions, the Army has also felt compelled to intervene in Turkish politics. The first was a coup d'etat in May 1960, when the democratic system was seen to be deteriorating into one-party rule. As the protectors of Atatürk's republican heritage, the Army moved in, imposed an extremely liberal new constitution (which included safeguards against any one political party's gaining supremacy in the political arena), and eventually instituted free

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(40) Newsweek, Sept. 22 1980, pp.12-15.
(41) It should be pointed out that as Turkish history reveals, the Turkish military is not a politically oriented armed force as may be the case in some South American or South Asian nations. The Army is a bastion of Republican fervor, a stronghold of Atatürk's beliefs and principles. It has little room for extremist political views of either the right or the left, and has always seen its primary duty to be the defence of the country's territorial integrity. It is hoped that it will remain so.

elections. With the constitutional system restructured along more liberal lines and genuinely free elections instituted, the Army voluntarily returned to its barracks.

Again in 1971, the Army, as put by some, found "heritage of Ataturk threatened by mounting extreme leftist terrorism and guerrilla warfare". The inability of the politicians to protect the Republic against this threat and the ambivalence of political factions to such activity, compelled the Army to issue a communique which caused the collapse of the government of the time and, which resulted in the formation of a politically neutral caretaker government with a cabinet of technicians. Once again, after eighteen months, free elections were held and the Army voluntarily withdrew from the political arena.

The experience of both 1960 and 1971 reinforced military leaders' beliefs that the Army should intervene only as a last resort, and that it must always speed the return to civilian government, if only to maintain the integrity of its military function and to prevent embroilment in political issues.

6.6.2 The Reasons Underlying the Coup

The reasons leading to the coup of 1980 may be summarised as follows:[42]

(i) Terrorism was rapidly approaching civil war proportions. An average of twenty politically motivated killings a day (including a former Prime Minister), had brought the total number of dead to more than five thousand in two years. Most importantly, this terrorism was not only "covertly", but sometimes even "overtly" supported and encouraged by certain politicians who are at present on trial and facing heavy penalties. Despite repeated and urgent requests made by the security forces, not a single piece of anti-terrorism legislation had been enacted by Parliament. The police force, in the meantime, had split into leftist and rightist factions. In addition, the most alarming development was that not only neighbourhoods in the towns, but also entire cities had been divided into leftist and rightist enclaves,

(42) MEBAN (1980)

with some areas passing into the rule of extremist militants.[43] Separatists, Leninists, Maoists, Marxists, Enver Hoxhaists, Trotskyites, fundamentalist pro-Khomeini extremists, Pan-Turanians, and a large number of other fanatic, political factions were in a state of open warfare with each other and with the state; quite frequently, the average Turkish citizen was their terrorised victim. As in the provinces of Kahramanmaraş and Çorum, instances of full scale massacres of entire neighbourhoods were recorded. Despite the gravity of the situation, the political parties continued to fan the flames and failed entirely to present even a temporary front against terrorism. Terrorists were rarely caught, and if caught, were seldom punished; many found it extremely easy to escape from jail (e.g. M.A. Ağca who tried to assassinate the Pope) or to intimidate the courts. As a result, a complete vacuum of authority was created. The great majority of the Turkish people watched these developments with fear and revulsion.

(ii) Parliament demonstrated a degree of inefficiency and irresponsibility that is rarely encountered in modern world history. Not only were essential economic and social legislations shelved repeatedly, but for an incredible six months, Parliament failed to elect a president of the Republic. Perpetual bickering, occasionally punctuated by fist fights, did not enhance Parliament's image in the eyes of the people.

(iii) Extremist trade unions spearheaded a labour movement that was successful in paralyzing entire sectors of the economy and leaving hundreds of thousands of workers unemployed. In keeping with their ideological targets, these unions frequently forced major factories to shut down permanently; such labour activity relied heavily upon coercion and sabotage and its consequences were felt in the economy.

(iv) Constitutional institutions such as the Supreme Court were hampered in their dealings with day-to-day problems and were rapidly losing effectiveness. There were strong indications

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(43) Author's visit to Turkey for field research coincided with these difficult times prior and subsequent to the Coup.

that even these institutions were in the process of becoming politicised.

(v) Public agencies and government offices were repeatedly purged with each change of administration. The professional bureaucrat who possessed the necessary skills for his job ceased to exist as an effective force. Militants and political zealots were placed in every conceivable public office, including those of State Economic Entreprises. Furthermore, the political opposition automatically rejected and obstructed all measures proposed by the administration, and vice versa.

(vi) For nearly two years the Army has had to maintain martial law in major cities, although the words "martial law" are misleading because the military has been restricted in its operations by the lack of geniune authority. Soldiers had to guard bank branches, intersections, offices, and homes for interminably long hours of duty for months on end. In the meantime, no real effort has been made to strengthen the civilian security forces or to enact legislation that would permit the Army to return to its barracks and turn over such police duties to the civilian organisations that should perform them. The General Staff had repeatedly and consistently urged the civilian authorities to initiate a plan whereby the Army could resume its real duties involving national defence, as the negative impact upon Army discipline, morale, and training of prolonged sentry and police duty in the cities has been observed. It is, however, evident from General Evren's past and present statements that one reason the Army felt compelled to move in was to ensure its ability to remove itself from a police role in the cities within a reasonable period of time, and that with the reinstitution of a sound civilian authority it will be able to concentrate on its professional defence role at a time when the Middle East and Southern Europe exhibit great strategic sensitivity and volatility.

After showing great patience towards the above, the Army has moved in to stem an accelerating slide into catastrophe. Turkey's problems had gone untended for so long and had reached such major proportions that expectations of a quick and clean solution would not be realistic. Turkey's number one problem, terrorism, is now to be combatted with a decisiveness and determination that has been sadly lacking for years. There is little doubt in Turkey today that armed forces see, as their primary objective, the establishment upon strong foundations, of a Turkish Republic that is democratic, secular, liberal, and socially progressive. Since the Coup new developments seem to have taken place politically and economically. Turkey's political parties were disbanded without warning on October 16th, 1981 with a statement saying "political parties must not be allowed to turn institutions which decrease the power of the state, or serve to destroy it, and divide the people into hostile camps."[44] This has, however, led to some criticism for the first time against military administration since the Coup. Mr Ecevit, for example, three times Prime Minister and until last year, chairman of the Atatürk found Social Democratic Republican Peoples Party had defied a ban on public statements and issued an open challenge to the military leadership that has led to his prosecution[45] and finally his imprisonment. On the other hand, the Turkish Consultative Assembly selected by the Generals, as a first step to democracy is reported to be overwhelmingly right wing and bureaucractic.[46]

6.6.3 The Economic Policies to be Expected

Although it is still early to gauge the entire scope of the new regime's economic policy, according to information available at the time the following seems evident.

(i) The National Security Council (N.S.C.) does not follow any extreme economic philosophies, and as on previous occasions, intends to utilise the best civilian minds it can master in

(44) The Guardian, October 17, 1981, p.6.
(45) Financial Times, October 21, 1981.
(46) The Guardian, October 16, 1981, p.9.

the field of economics. Turkish General Staff and General Evren are known for their liberal views, and they are expected to continue in this tradition. The formation of a civilian cabinet of non-partisan professionals, led by moderate Prime Minister Bülent Ulusu, and the structure of the new selected Consultative Assembly, reaffirms the NSC's attitude with regard to this.

(ii) The initiatives of the Demirel Government in the international financial area will probably be continued and elaborated upon. One of the first decrees issued by the NSC stated that the procedures for export, import, and foreign exchange transactions would be continued unaltered and undelayed. It was also stated in a latter communique that the Turkish Government would abide by all its international financial agreements. Economy minister, Turgut Özal's continued role in this area, and the enhancement of his authority in the economic sphere, has not only provided continuity in international negotiations, but has also produced positive results for Turkey over the past year. According to the IMF and international banking criteria, he has done a good job: he has reduced the fiscal deficit, the money supply and domestic consumption in an environment which kept people under control.(47) Although the long-term success of these policies is in question, at least in theory, Turkey is undergoing a major change from a centrally-directed, strongly interventionist and inward-looking economy to one that is free-market-oriented and internationally minded. It began in January 1980 by a regulatory package designed to encourage export, partly under pressure from the various international aid agencies which came to Turkey's rescue and partly under the volition of above-mentioned authorities who grasped that radical change was essential to economic advance. A transformation from one type of economy to another would be difficult in any country. In Turkey, where the economy has collapsed under the weight of debt repayment, that transition period will be all the more traumatic.

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(47) Shriff (1981), p.28.

(iii) The new administration has indicated its determination to pass crucial social and economic legislation on which general national consensus exists, but which was delayed because of the non-functional nature of Parliament and the political parties that led to their abolishment. The government, for example, has moved rapidly into the area of tax reform and has already revised the severance - pay system, which in recent years had been seen by the business environment as a potentially paralysing burden on Turkish industry. Furthermore, a communique issued on September 13th 1980, indefinitely postponed all strikes and lockouts in an attempt to start and thus speed up production in the stalled sectors of the economy. Although the activities of DİSK and MİSK, the extreme leftist and rightist trade unions, have been suspended, and their leaders taken into custody, a new labour law, now under discussion, will restore some of the rights abruptly taken from the unions.(48)

(iv) If the new administration succeeds in its promised aim of eliminating politically motivated staffing and activity in the public agencies and in the S.E.E.'s, a breakthrough can also be expected in efficiency. These wholly state-owned companies, which account for 40 per cent of Turkish production and provide a great variety of goods and services, have suffered from such chronic problems as political interference in policy-making, vast over-staffing, poor industrial relations, and a lack of incentives to promote efficiency, both technical and otherwise. The new administration, which is in a better position to instill this than any politically "hamstrung" administration of the past, has set up a committee to reform the S.E.E.'s. One policy which has emerged so far is that no new S.E.E. will

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(48) The model is known to be the West German system of industrial unions and highly structured wage bargaining. Strikes, however, will probably continue to be illegal at least in certain vulnerable areas like tourism; Financial Times, September 25, 1981.

be created and many of the ambitious public investment projects will be discarded. State monopolies or near-monopolies, will be opened up to private capital. Another new approach is to open some of the S.E.E.'s to overseas investors and to benefit from foreign know-how, management skills, marketing and capital. Etibank, the state-owned banking and mining corporation, for example, has invited foreign capital to engage in joint ventures in mining. Oil exploration activities by the private sector are also being encouraged. Although it is a relatively short period of time since the 12th of September 1980, other economic matters have rightfully been given priority. The new administration appears positively inclined towards foreign investment.(49) To this effect, Turkey's Deputy Prime Minister, Mr. Özal indicated that Turkey carries no further risk in foreign investments. At a panel discussion organised by the strategic and International Research Center of George Town University in aid of the Centennial of Atatürk's birth, he said that "history of foreign investment in Turkey is very interesting indeed. Contrary to the economies of Western European countries, where most of the industries have been recently nationalised, Turkey carries no tradition of nationalisation. From the point of view of nationalisation it affords a very minor risk for the foreign investor. In spite of all the positive developments, there still remain a lot of hard tasks for the future. The inflation rate must be lowered. Structural changes within the economy must be made in order to create an economy powerful enough to overcome the mistakes and weaknesses of the past. In this way, Turkey will follow an economy oriented to foreign countries and very clear in its outlines. In order to cope with this new open economy,

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(49) Turkey's record as a field for foreign investment has been poor. Total foreign capital in the country at the end of 1979 was just \$ 228 mn. This increased by \$ 97 mn. in 1980, and in the seven months of 1981 the growth was around \$ 200 mn. For details see "Financial Times Survey - Investing in Turkey", September 25, 1981.

we have to be less liberal with foreign currency rates and trading systems."[50] This clearly outlines the economic policies of Turkey for years to come and her attitude towards foreign investment. (See Appendix 6.14 for incentives for investors in general).

(v) Lastly it is worth mentioning that in the first few weeks of its tenure the new administration accomplished a feat that has, in the past, been considered nearly impossible: without fanfare and commotion, the so-called "parallel market" in black market foreign exchange transactions, was almost wiped out. The Government has also moved resolutely and extremely rapidly against arms smugglers, who have been major contributors to terrorist activity. A major source of revenue for black-market operators in Turkey, was the massive market in smuggled American and British cigarettes, which is also being challenged by permitting the production of such cigarettes by the Turkish private sector. It is, therefore, observed that in Turkey a policy of privatization similar to that of the British example, if not to the same extent, is taking place under the tight monetarist policy.[51]

In consequence, the recovery programme of January 1980 and the military take-over eight months later, together seem to have created an environment in which the economy has recovered sharply from near-bankruptcy. Despite the lack of detailed information, most indicators are favourable. From the minus growth in the past two years, the G.D.P. is expected to rise by 4 per cent in 1981 (the highest in the O.E.C.D. outside Australia). Inflation which peaked at 133 per cent in February 1980, is now less than 40 per cent.[52] Exports are expected

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(50) Newspot - Turkish Digest, Oct. 9., 1981.
(51) In a nut-shell, monetarism is the attempt to beat inflation and to restore a "market economy" by controlling the money supply and the size of the public sector.
(52) Analysts estimate that Turkey's money supply in terms of M2 (including time deposits) has grown by about 78% throughout 1980 - a startlingly high rate which suggests that despite government predictions, inflation will soon pick up again; Euromoney, Oct. 1981, p.30.

to go up to between $ 4.2 bn. and $ 4.5 bn. from $ 2.9 bn. in 1980. Invisibles are forecast at $ 4 bn. compared with $ 2.9 bn. Expatriate workers' remittances, which are the largest component are likely to grow by $ 1 bn. to about $ 3 bn. With the stimulus given by the recent tax restructuring, tax receipts will double to TL1,400 bn. ($ 12.7 bn). Industrial production is forecast to grow by 8.25 per cent, from a fall of 5.2 per cent in 1980. Foreign traders are being paid and debt-servicing seems to be proceeding smoothly.(53) Turkey rightly points, therefore, to the many advantages that it can offer in terms of geographical position, supply of labour, natural resources, and even stability in comparison with many less-developed countries to foreign investors. Now the whole area of manufacturing, mining, agriculture, oil and commercial services including the entire tourism sector is open to foreign investment. The new administration is also clear in its policies towards Europe in return for financial aid. If the West underestimates the developments and efforts that Turkey is making, the turbulant Arab World will be an attractive option for Turkey to approach from various angles. The first cruicial issue, which remains, however, is the return of democracy that is desired by European partners and in the light of the latest developments in Greece and the Middle East, relationships with neighbour countries call for overall improvement.

The main objective of this chapter has been to provide and analyse the background necessary for the rationale for tourist promotion in Turkey. The dominant concept behind Turkey's economic development used to be import-substitution which proved to be the main reason for economic problems being made worse by a severe foreign exchange shortage, a situation most common in developing countries.

In preparation for a future long-term development strategy in Turkey, that of a well conceived and adequately implemented long-term industrialisation programme, growth of exports can play an important role and this has been widely recognised. In view of Turkey's apparent potential for the development of tourism, the export of tourist services may form a basis for savings and capital formation, at

(53) Financial Times Survey, Sept. 25, 1981.

this vital stage in Turkish history. In view of this, the next chapters aim to provide a thorough examination of the Turkish tourist industry, its problems and its future potential in the light of the principles already discussed in order that planning and policies for the export of the Turkish tourism product can be recommended.

CHAPTER 7

DEMAND ANALYSIS FOR THE TURKISH TOURISM PRODUCT

7.1 Introduction

It has long been accepted by most experts, and tourists to Turkey themselves, that the country has a vast potential for tourism. Projections based on IUOTO, OECD and IATA statistics showed that some of the highest rates of increase in the flow of tourists were experienced in the Eastern Mediterranean (see Table 7.1). The growth axis of international tourism activities appears to lie primarily along a north-west to south-east direction, which means that Turkey as a Mediterranean - Middle East and Balkan country is located in an extremely favourable position. This diagnosis has been supported by the experience of Turkey's immediate neighbours. For example, Yugoslavia and Greece earned $ 1,000 mn. and $ 1,663 mn. and attracted 5.9 and 5.2 mn. tourists respectively in 1979.[1]

Table 7.1 Annual Average Rates of Increase in International Tourism, 1960 - 1966.

	To OECD Countries	To Eastern Mediterranean
1. From all countries	8.7	13.7
2. From European countries	9.2	22.5
3. From N. America	6.2	19.7
4. From S. America, Asia & Africa	7.0	5.0

SOURCE: S.P.O., "Tourism Report", Ankara, 1968, p.78.

Turkey's great potential for development of tourism is illustrated by the ex-minister of tourism, Erol Akçal in the following paragraph:

(1) OECD (1980)[a]

> "The flow of tourism in the world is towards Mediterranean countries, and today this pattern of the tourism activities seems to be oriented towards the Middle East through the Southern European and North African countries. Turkey, being both an Asian and European country, forms a bridge stretching from east to west throughout history. Its shores, appropriate climatic characteristics, rich historical, archeological and artistic remains, mountains, lakes, caves, thermal sources, hunting possibilities, rich folklore and an oriented atmosphere compounded with the traditional Turkish hospitality, make it realistic to place high hopes on a dramatic expansion of International tourism in Turkey."[2]

Despite these favourable factors, Turkey has not yet entered the modern "mass" tourist market which is based mainly on sandy beaches and sunshine that developed after World War II in Western Europe. Tourism development has hardly begun to be realised, a fact which is readily observed from a few comparative statistics involving Turkey and her competitors (see Table 7.2).

Table 7.2 Comparative Tourism Statistics for Selected Countries, 1979

		Spain	Italy	Yugoslavia	Greece	Turkey
(a)	Arrivals of foreign visitors at Frontiers (in millions)	38.9	48.7	5.9	5.2	1.5
(b)	Tourist receipts at Current Rates (in millions of US $)	6,484	8,185	1,000	1,663	281
(c)	Tourist income as % of Total Export Earnings	21.6	8.6	N.A.	20.8	7.7 (1978)

SOURCE: O.E.C.D., "Tourism Policy and International Tourism in O.E.C.D. Member Countries", Paris, 1980.

(2) Quoted by Egan (1972), p.1.

The reason for today's relatively undeveloped state of Turkish tourism is, as many tour operators and travel agents in the U.K. pointed out, that Turkey is too remote from the principal European markets, is inaccessible (which adds to the travel cost) and lacks the necessary infrastructure for mass tourism. Spain and Italy (to give a few examples) are markedly more favoured in these respects. Moreover, the Turkish authorities did little to overcome the initial handicap; like exports in general, tourism was not considered of major importance in Turkey's drive for self-sufficiency and rapid industrialisation and it failed to attract the necessary private investments and state infrastructure development programmes during the 1960's and 1970's.

One of the main handicaps of tourism in Turkey, however, was the political unrest in the country. The lack of an efficient government in the country since 1970, prevented the country from making optimal use of its tourist potential. There had been a growing trend of tourist arrivals in Turkey until the mid-1970's. The 1974 Cyprus Operation disrupted this trend and after 1976 the country witnessed a decrease in its arrivals. Similarly during this same period the economy was declining.

In the following discussion, the main aspects of demand of the Turkish tourist industry will be examined in some detail: trends in tourist arrivals; in length of stay; in tourist nights; and in countries of origin; mode of travel; seasonality and structure and amount of tourist expenditure etc. It is hoped that the analysis provided in this chapter will help in understanding the demand characteristics of the Turkish tourist industry, in assessing the future potential of tourism in Turkey, and in indicating some measures to be considered in producing and marketing a national tourism product and setting policies accordingly.

The importance of measurement of demand for the Turkish tourism product, is not merely to know the numbers of tourist arrivals, especially for a series of successive years, which will indicate whether the tourist trade is growing, stagnant or declining, but it is also valuable to know the mode of arrival and purpose, the length of stay, the kind of accommodation used and the amount that tourists spend. Any information regarding the markets and socio-economic characteristics of the visitors are thus all essential for overall tourism planning.

7.2 Tourist Arrivals to Turkey

Although there had previously been tourism statistics in Turkey, the year 1963 has been chosen as a starting point to examine the basic data relating to growth and structure of tourist arrivals. There are many reasons to justify this choice. Five-Year Development Plans started in 1963 and before 1963 a comprehensive system of national statistics, covering the basic data needed to analyse tourism, had not been organised.(3) Tourist arrivals and departures are registered by the General Directorate of Security, fourth section only, and used in the S.I.S. and Ministry of Tourism publications since 1972. Figures before 1972 May, therefore, differ according to source and exclude excursionists. The unreliability of these statistics together with others reflects the hugh variation in data which hampers any analysis, has long been known and criticised.(4) The series showing the tourist arrivals are however, likely to reflect, at least broadly, the growth and geographical structure of tourist arrivals in Turkey during the period 1963-1980.

Table 7.3 shows that from a modest figure of about 198,000 in 1963,

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(3) There have, over the years, been changes in the collection of the basic data which makes comparison over time, difficult. Up to 1964 there is no record of foreign travellers in transit spending less than 24 hours in Turkey. Also the definition of tourists has altered over the years. From 1958-64, tourists were taken to describe those people who explained their purpose of visiting Turkey as for touring and for sports and entertainment; from 1964 the term describes all those spending more than 24 hours in Turkey describing their motive as "tourism" as recommended by the IUOTO and U.N. in 1963. Excursionists, even staying less than 24 hours are also classified as tourists. See SIS, "Statistical Yearbook of Turkey 1979", Ankara, p.299.

(4) Çetin, Aşkun and GerÇek (1977)

the number of tourists increased by 11.6 per cent annually to reach about 1,288,000 in 1980. The year-to-year increase has, however, fluctuated over the last two decades, mainly because of the political unrest and economic depression in the country and general political conditions in the Middle East.

During the period 1963-1969, Turkey experienced a growth of 23.2 per cent per annum in tourist arrivals, almost three times the world annual, average growth rate (8.7 per cent). Growth rate in the last decade, 1970-1980, however, slowed down to about 6 per cent per year, and in 1980 the number of tourist arrivals dropped by 15.5 per cent compared with 1979. It is believed that considerably high growth rates in the 1960's may have been due to the low initial level of tourism in Turkey. The following four periods are most distinguishable: 1963-1967, 1968-1972, 1973-1977 and 1978-1980.

During the First Five-Year Plan Period (1963-1967), tourist arrivals recorded the highest level of increase by 30.4 per cent each year reaching 574,000 in 1967. The year 1965 saw the highest increase of 57.6 per cent giving the expression that Turkish tourism was really and gradually gaining momentum.

In the Second Five-Year Plan Period (1968-1972), average annual growth of tourist arrivals, however, fell to 14.4 bringing a total of about 1 million tourists in 1972. Although the growth rate for the period as a whole was well above the world's figure (9.1 per cent for the same period), 1968 and 1970 witnessed the modest increase of around 4 per cent each which affected the period's performance and caused the slow-down in growth. Poor performance in 1968 was undoubtedly the result of the six-day war in the Middle East that flared up in June 1967 and Turkey was considered too close by Western tourists. It is likely that the widely reported student unrest and riots discouraged foreign tourists travelling to Turkey in 1970 after which tourist arrivals started to pick up again by about 28 and 12 per cent per annum in 1971 and 1972 respectively. These high rates of growth in tourist arrivals in the last two years of the Second Five-Year Plan period are mainly attributable to the holding of the

Table 7.3 Tourist Arrivals in Turkey, 1963-1980

Year	Total Tourist Numbers (000's)	Increase (decrease) Over Previous Year (%)	Average Rate of Growth per Year (%)*
1963	198		(a) 1963-1967
1964	229	+15.6	+30.4
1965	361	+57.6	
1966	440	+21.8	
1967	574	+30.4	
1968	602	+ 4.8	(b) 1968-1972
1969	694	+15.2	14.4
1970	724	+ 4.3	
1971	926	+27.9	
1972	1,034	+11.6	
1973	1,341	+29.6	(c) 1973-1977
1974	1,110	(-)17.2	5.4
1975	1,540	+38.7	
1976	1,675	+ 8.7	
1977	1,661	(-) 0.9	
1978	1,644	(-) 1.1	(d) 1978-1980
1979	1,523	(-) 7.4	(-)8.2
1980	1,288	(-)15.5	(1963-1969) = 23.2
			(1970-1980) = 5.9

SOURCE: 1963-1971: Data of the State Institute of Statistics
1972-1980: Data of General Directorate of Security, Section IV.

(*) Calculated According to the Formula of Compound Rate.

Mediterranean Games in October 1972 which provided a timely "curtain-raiser".

The Third Five-Year Plan period started with an increase of almost 30 per cent in tourist arrivals in 1973 which was the fiftieth anniversary of the foundation of the republic by Kemal Atatürk. Exhibitions were held in the USA and in Europe continuing with academic and cultural conferences in Turkey, and satellite coverage of the celebrations in the country created a major opportunity for the promotion of Turkey across the world bringing in a total of 1.3 mn.tourists. In 1974, however, tourist arrivals fell by a record level of 17 per cent, to 1.1 mn. as a result of "the Cyprus Peace Operation" which made the world hear more about Turkey, and the country's tourist arrivals then increased by almost 40 per cent, reaching 1.5 mn. in the following year, 1975. In 1976 Turkey received a record level of almost 1.7 mn. tourists, a growth of 8.7 per cent over 1975, after which tourist arrivals began to decrease. Between 1978 and 1980 political instability and terrorism reached their peak endangering the very existence of the republic which led to the Military Coup and had tremendous adverse effects on tourist arrivals, something which every interviewee complained about. As a result of this, worsened by the economic problems, tourist arrivals in Turkey decreased by about 8 per cent during the period for which all the plans and programmes were also disrupted (see Table 7.4).

One of the main factors which determines whether or not Turkey could regain such high rates of growth of those experienced during the 1960's, and in 1971, 1973, and 1975 in tourist arrivals, is the political conditions in and around the country. The "political conditions" do not mean whether the regime in a particular tourist destination country is acceptable or not, from the point of view of tourists, but simply the security conditions prevailing in the country in question such as the state of belligerency with other countries, civil wars, riots, acts of violence for political reasons and epidemics. Comparisons of tourist arrivals in selected Mediterranean and Middle Eastern countries justify this point. In 1967, for example, while Yugoslavia and Tunisia enjoyed normal security conditions attaining growth in tourist arrivals, Egypt, Lebanon, Israel and Greece were subject to one form or another of security crises that was a marked setback to the tourist arrivals, causing decreases of 40.4, 25.4, 7.2 and 15.1 per cent respectively.(5) In 1974, Cyprus's problem also had an adverse effect on tourist arrivals causing a decrease of 31.3 per cent in Greece, and 17.2 per cent in Turkey.(6)

(5) Mohammed (1977), pp.121-123, Table 3.2.
(6) Between 1959 and 1960, the number of tourists had decreased by 25 per cent, mainly due to the unfavourable reaction of the West to the political events in 1960, when some members of the previous regime were publicly executed in Turkey; EIU, "National Report No. 3: Turkey", No 31971, p.9.

Figure 7.1 Tourist Arrivals in Turkey, 1963-1980

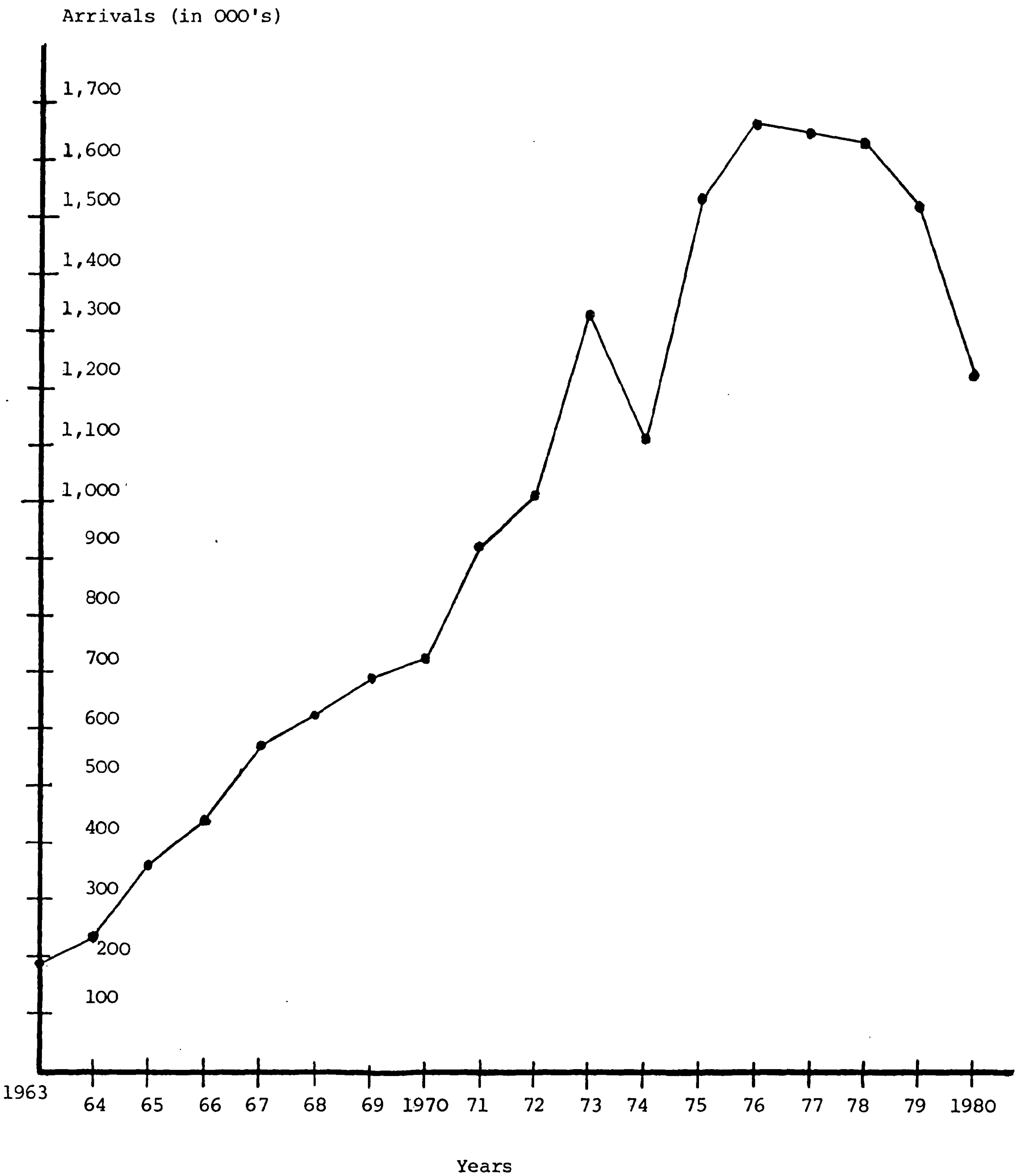

Table 7.4 Comparison of the Realised Tourist Arrivals with the Programme Objectives by Year, 1963-1980

Years	Programme Objectives	Actual Arrivals	Rate of Realisation (%)
1963	200,000	198,841	99.4
1964	190,000	229,347	120.7
1965	232,000	361,758	155.9
1966	461,000	440,434	95.5
1967	520,000	574,055	110.4
1968	500,000	602,996	120.6
1969	675,000	694,229	102.8
1970	794,000	724,784	91.3
1971	908,000	926,019	102.0
1972	960,000	1,034,955	107.8
1973	1,243,000	1,341,527	107.9
1974	1,217,000	1,110,298	91.2
1975	1,440,000	1,540,904	107.0
1976	1,540,000	1,675,846	108.8
1977	1,850,000	1,661,416	89.8
1978	1,900,000	1,644,177	86.5
1979	1,900,000	1,523,658	80.2
1980	1,600,000	1,288,060	80.5
TOTAL	18,130,000	17,573,304	96.6

SOURCE: Ministry of Tourism and Information, "Bulletin of Tourism Statistics", Ankara, 1980, p.38. Table 25.

Evidence based on the experience of these countries suggests in general that, once the security - impairing conditions have faded away (other things being equal), tourist arrivals resume a rising trend.

The figures given in Table 7.3, however, show some disturbing trends and, although not all the solutions are to be found inside Turkey itself, a great deal of work will have to be done before a tourist boom is truly on the horizon. To state the obvious, Turkey is virtually unknown in Western Europe(7) where most potential visitors are to

(7) This can easily be observed by the comparison of total tourist arrivals in other tourist-receiving European countries. In 1978, for example when total tourist arrivals to Turkey were about 1.6 mn., in Italy arrivals were 42.6 mn.; in Spain 39.9 mn.; in Yugoslavia 22.2 mn.; and no less than 5.2 mn. in Greece, OECD (1979)[b]

be found. This is not simply an ignorance of the attractions of the country, but a lack of knowledge about the allegiance of Turkey to the West and its rather odd position as a predominantly Asian and Muslim nation within Western economic and political alliances. This may, to some extent, be remedied if and when Turkey becomes an integral part of the EEC, but it also depends on the degree of tourist promotion that is undertaken.

7.2.1 Arrivals According to Purpose

International tourism is an exceedingly diverse activity and it embraces travel for all reasons including leisure, education, business, family visits, religious missions, etc. Thus it must be recognised that a large part of the impressive statistics in Turkey as well as in other countries for international travel do not relate to pleasure travel at all, but to travel for other purposes which imposes special problems in studies, like this one where emphasis is on leisure tourism, however, evidence suggests that the proportion of tourism figures in total international travel is overwhelmingly high compared to other purposes of travel. Available information as shown in Table 7.5 justifies this point.

As the table illustrates, the proportion of people who arrive in Turkey by purpose of tourism is greater than other groups. In 1966, their number was about 375,000 constituting 85 per cent of the total arrivals of 440,000. During the period under consideration the number of tourists in the total constantly grew, especially after 1970, with the exception of the troubled year of 1974, reaching to almost 98 per cent of the total arrivals of 1,196,000 which presumably excluded the excursionists with the number of about 1.2 million. This is a trend that makes it possible to take the total number of arrivals of foreigners as "tourists"[8] in an attempt to reduce the already complicated structure of tourism statistics, particularly in Turkey.

7.2.2 Arrivals at Registered Accommodation

Touristsarriving in Turkey, like in any other country stay at various

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(8) The term "tourists" in this chapter, therefore, mainly refers to foreigners arriving in the country unless otherwise stated.

Table 7.5 Arrivals In Turkey by Purpose of Travel During 1966-1976 (Thousands)*

Purpose of Travel	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Tourism	375.3	513.0	542.0	626.3	652.6	840.3	920.8	1,311.2	1,119.8	1,119.8	1,196.3
Education	6.6	7.4	8.2	10.6	12.0	14.8	7.5	7.4	6.0	6.0	6.7
Work	22.3	23.0	22.4	21.3	21.6	16.8	7.8	7.2	5.2	5.3	3.6
Immigration	0.6	0.8	1.0	2.2	4.3	3.2	2.0	0.4	0.1	0.8	2.5
Others	28.7	25.7	24.7	26.2	31.7	42.5	14.9	9.6	18.2	16.2	13.1
Unknown	6.7	3.8	4.3	7.3	2.3	7.8	0.2	-	-	-	-
TOTAL	440.5	574.0	602.9	694.2	724.7	926.0	953.4	1,338.2	1,031.6	1,148.6	1.222.5
Tourism's Percentage	85.1	89.3	89.8	90.2	90.0	90.7	96.5	97.9	97.1	97.4	97.8

SOURCE: Derived from; SIS, "Tourism Statistics - 1976" p.17, Table 16.

* Tourism also accounted for 98% of total arrivals in 1977, 1978 and 1979, O.E.C.D. (1980) [a]

kinds of accommodation including homes of relatives and of particularly, friends. One has to point out the big expansion in the number of private flats for tourists in various tourist-receiving countries over the last years which has not developed in Turkey mainly because it is usually initiated by private investors who would expect a competitive rate of return. Tourist arrivals at registered "commercial accommodation" play an important role in the planning of appropriate accommodation and constitute a considerable part of the total expenditure of tourists, on which many policies are based.

Table 7.6 gives the number of tourists to Turkey in main groups during 1977-1979 who arrived at "lodgings" registered with the Turkish Ministry of Tourism which are mainly: hotels, motels, inns, and boarding houses, spas and holiday villages.

As the Table indicates there were about 531,000 tourists arriving at registered accommodation in 1977 constituting 32 per cent of the total arrivals in the country (1,661,000). The number of tourists of the same category increased by 26.1 per cent over 1977 reaching to 670,000 in 1978. They then fell by 10.8 per cent to 597,000 in the year 1979, in which only tourists from non O.E.C.D. countries exceptionally increased from about 150,000 to almost 170,000; a trend consistent with the number of total arrivals, (see Tables 7.3 and 7.10). Examination of the table indicates that European tourists arriving at registered accommodation have been the biggest group averaging at about 65.5 per cent of the accommodation registered tourists in the years considered. (For much more detailed figures, see Appendix 7.1).

The low levels of tourist arrivals at registered accommodation which were 31.9, 40.7 and 39.2 per cent of the total foreign arrivals in 1977, 1978 and 1979 respectively, raise a number of points that are worth considering. First of all actual numbers of tourists may be less than previously thought and may differ from those published, as a visitor may register with more than one accommodation establishment. Secondly, the standards of the establishments are so low

Table 7.6 Tourist Arrivals by Main Groups at Registered Accommodation, 1977-1979

Main Group	1977		1978			1979		
	(000)	Relative Share %	(000)	Relative Share %	% Variation over 1977	(000)	Relative Share %	% Variation over 1978
Europe	343.7	65.9	455.0	67.9	+30.1	376.6	62.7	-17.7
North America	54.9	10.3	55.7	8.3	+ 1.6	46.6	7.8	-16.4
Japan	8.8	1.7	7.6	1.2	-14.0	6.7	1.1	-11.0
Total O.E.C.D.	413.5	77.9	518.4	77.4	+25.4	428.0	71.6	-17.4
Non O.E.C.D.	117.6	22.1	151.6	22.6	+28.9	169.7	28.4	+11.9
Grand Total	531.2	100.0	670.1	100.0	+26.1	597.8	100.	-10.8
% of Total Arrivals	31.9		40.7			39.2		

SOURCE: O.E.C.D., "Tourism Policy and International Tourism in O.E.C.D. Member Countries", Paris, 1979, p.141 and, 1980, p.130.

or inadequate to the extent that tourists stay away. Thirdly and more importantly, there are accommodation establishments that do not register with the authorities for the reasons of supervision and control of standards and price which is to the detriment of the tourism industry as a whole in many ways. There is also the possibility of establishments not recording tourist arrivals and reporting them. Finally a considerable proportion of foreigners visiting Turkey stay with friends, a trend that might be caused by the invitation of Turkish workers abroad whose number is considerable in Europe in particular. These points support the importance of total arrivals on which emphasis has been given and they point to a very important feature of tourism in Turkey which is that a relatively small proportion of tourists stay in commercial accommodation (see also Table 7.15 for nights spent).

7.2.3 Regional Distribution of Arrivals

Regional distribution of tourists within a country plays an important role in planning the tourist development i.e. creating a tourism product where it is in most demand. Although regions with easy accessibility and general facilities such as airports, ports, infrastructure and accommodation will initially attract tourists, their future developments can be formulated by making use of the statistical data concerned.

Table 7.7 shows the regional distribution of tourists who arrived at the main entry points of each geographically known region of Turkey in selected years. The table clearly indicates that the Marmara region has been and will probably be the main tourist receiving area in Turkey as it has attracted more than half of the total tourist arrivals. Despite the small decrease in its share in the mid 1970's it managed to attract 67.2, 67.9 and 64.5 per cent of the tourists who came to Turkey in 1965, 1970 and 1975 respectively. Over ten years its share of tourist arrivals increased by almost half a million from 243,000 in 1965 to 741,000 in 1975, an increase of over 200 per cent in a decade. This is obviously a result of its high level of industrial development which helped to realise better standards of transport and communication services, both vital

Table 7.7 Regional Distribution of Tourists in Turkey, 1965-1975 (in Thousands and %)

Region	1965		1970		1975		1975/1965 (increase)	
	(000)	%	(000)	%	(000)	%	(000)	%
Thrace-Marmara (Edirne-İstanbul)	243.1	67.2	492.2	67.9	741.1	64.5	497.9	204.8
Aegean (Aydin-İzmir)	54.6	15.1	129.0	17.8	202.3	17.6	147.7	270.4
Mediterranean (Antalya-İçel)	15.3	4.2	50.8	7.0	97.4	8.5	82.1	535.5
Central Anatolia (Ankara)	20.2	5.6	25.4	3.5	27.0	2.4	6.8	33.9
South-East Anatolia (Gaziantep-Hatay)	18.7	5.2	11.3	1.6	53.9	4.7	35.2	187.6
East Anatolia (Ağri)	9.6	2.7	15.8	2.2	25.8	2.3	16.2	168.3
Black Sea	-	-	-	-	-	-	-	-
TOTAL	361.7	100	724.7	100	1,148.6	100	786.8	+217.5

SOURCE: E. Orhon, "Turizmin Kalkinmadaki Fonksiyonu", M.T.I., Ankara, 1977, pp. 79-80.

to tourism development.

Although the Aegean and Mediterranean regions attracted a low initial level of tourist arrivals, their share increased by an incredible level of 270 and 535 per cent during the period 1965-1979 rising to about 200,000 and 100,000 in 1975 respectively. The remarkable development of the Mediterranean region is not surprising as it has been given priority in the development plans and programmes. This development can further be increased by improvements and initiatives in the transport sector. The Aegean region's slack progress may be attributable to cruising holidays which mushroomed in the area.

It is evident from the table that Central Anatolia has lost popularity despite the increase in the number of tourists it attracted in 1975 compared to 1965. This may be mainly due to the fast growth of mass tourism "sunlust" which is overtaking "wanderlust".

In spite of the decrease in the share of South East Anatolia in 1970, it received over 50,000 tourists in 1975 - an increase that was caused by the increase in Middle East tourists travelling by land. East Anatolia remains to be relatively less important in Turkish tourism despite the increase in tourist numbers of 16,000 over a decade.

It appears from the table that the non-existence of the Black Sea region leaves a lot to be desired which could well be developed for a specialised form of tourism - "wanderlust" which may attract East European tourists, however, as mentioned earlier there seems to be an initiative to explore tourism potentials in the region in an attempt with international co-operation.

These trends in the regional distribution of tourists in Turkey clearly illustrates that tourists tend to visit coastal regions, especially the Marmara, Aegean and Mediterranean regions which should be taken into consideration in the allocation of resources and policies accordingly. (Similar trends are evident in 1980, see also Appendix 7.2).

7.3 Countries of Origin of Tourists

The close analysis of those countries which generate tourists to Turkey plays an essential role in determining the policies to be pursued in the tourism sector and in the marketing of the tourism product of Turkey. It also forms the starting point for market research in tourism from the point of view of who the customers are, and where they come from.

During the 1960's six countries; The U.S.A, U.K., West Germany, France Italy and Yugoslavia dominated the tourist scene in Turkey. Although the order changed from year-to-year, they provided annually between 210,000 and 250,000 tourists, amounting regularly to over 50 per cent of total numbers as shown in the following table. (See Table 7.8).

Table 7.8 Country of Origin of Tourists to Turkey in the 1960's (000)

Country	1966	1967	1968	1969	1970	% Rate of*Change 1970/66
West Germany	52	47	45	57	64	(+) 5.3
U.S.A.	63	44	44	50	53	(-) 4.3
France	30	29	33	44	48	(+)12.4
U.K.	28	21	24	28	32	(+) 3.3
Italy	19	13	18	24	24	(+) 6.0
Yugoslavia	37	54	47	32	27	(-) 7.6
TOTAL	239	208	211	235	248	0.9

SOURCE: M.T.I., Ankara, 1971.

(*) According to Compound Rate Formula.

The main reason for the predominance of West Germany was clearly the number of Turkish nationals who went to work in that country, thus creating an interest and curiosity in Turkey itself. Although West Germany sent more tourists than other countries in 1970 totalling about 64,000, tourists from France represented the highest growth of 12.4 per cent during 1966-1970, followed by Italy at 6 per cent, while tourists from the U.S.A. and Yugoslavia decreased by 4.3 and 7.6 per cent respectively. This trend in the beginning of the 1970's rang the alarm bell for Turkish tourism as all but Yugoslavia were geographically distant.

Table 7.9 shows Turkey's tourist arrivals according to the main groups of countries of origin: O.E.C.D. countries, Eastern European, Middle East and other countries during 1975-1980 only, in which compact statistical data was available.

The table suggests that O.E.C.D. countries have been the main source of tourists to Turkey, as they were during the 1960's accounting for 42 per cent of the total number of arrivals in 1980 as against 40 per cent in 1975. Their share in total tourist arrivals was, however, higher during 1977-1979 and totalled to almost a quarter of a million, capturing 46 per cent of the total each year.

With regard to East European tourists, in spite of the decrease in their absolute numbers from about 155,000 in 1975 to 149,000 in 1980, their share of the total number of tourist arrivals has been consistent during the period under consideration, averaging about 10 per cent of the total market and being 12 per cent in 1980.

Table 7.9 Origins of Tourism Visits to Turkey in Main Groups of Countries, 1975-1980.

	O.E.C.D.		Eastern Europe		Middle East		Others		TOTAL	
	(000)	%	(000)	%	(000)	%	(000)	%	(000)	%
1975	612.4	40	154.9	10	230.8	15	542.7	35	1,540	100
1976	639.1	38	159.5	10	84.6	5	792.5	47	1,675	100
1977	755.2	46	185.6	11	135.4	8	585.1	35	1,661	100
1978	752.2	46	157.2	10	189.8	11	544.9	33	1,644	100
1979	690.1	46	170.7	11	111.4	7	551.3	36	1,523	100
1980	545.9	42	148.9	12	146.9	11	446.1	35	1,288	100

SOURCE: Ministry of Tourism and Information, "Bulletin of Tourism Statistics," Ankara, 1977, 1980, table 7.

O.E.C.D. Countries: W. Germany, U.S.A., France, U.K., Italy, Greece

Eastern Europe: Bulgaria, Poland, Yugoslavia

Middle East: Iran and Syria

The total number of arrivals from Middle Eastern countries also dropped markedly from about 15 per cent in 1975 to about 11 per cent, a decrease of 84,000 in absolute numbers.

Although the absolute numbers of tourists from the "others" group fell by about 97,000 in 1980, their share has been about 35 per cent of the total market with the exception of 47 per cent in 1976 which witnessed a record level of tourist arrivals of almost 793,000; an increase of 46 per cent over the previous year. This high rate was mainly due to large increases in the number of tourists from other European countries especially Austria and Holland where there is a considerable number of Turkish workers, and from other Middle Eastern countries like Lebanon and Jordan.

To give a better picture of the main markets for Turkish tourism, the relative importance of nationalities within each main tourist group over the period 1975-1980 is given in Table 7.10.

As the table shows, for numbers of tourist arrivals among the O.E.C.D. group, West Germany, U.S.A., France, U.K., Italy and Greece in decreasing order, Germany accounted for 30 per cent of the total. The share of Greece in the total number of O.E.C.D. tourist arrivals was small (7 per cent), but grew steadily until 1980, during which absolute numbers of tourists fell by 27.5 per cent for the same group.

In the East European group during the period under consideration, tourists from Yugoslavia came first in importance totalling to about 498,000 in number accounting for 51 per cent of the group. One has to notice that within this group total numbers of tourists from Bulgaria and Poland increased by 58.6 and 7.2 per cent in 1980 over the previous year respectively. A huge increase in the numbers of Bulgarian tourists, it is believed, must have been the result of the efforts of governments to co-operate in the field of tourism in 1980, and is likely to continue to the contrary of the Polish case which ran into political turmoil in 1981.

Within the Middle East group, Iran's share was considerably high (72 per cent) compared with Syria. Most surprisingly, it came fourth as the largest tourist generator to Turkey with a total of 646,000 tourists after West Germany, U.S.A. and France which sent 1,177,000, 797,000 and 736,000 tourists to Turkey in total respectively during 1975-1980. It is worth mentioning that arrivals from Iran increased

Table 7.10 Tourist Arrivals of Main Nationalities, 1975-1980 (in Thousands)*

	1975	1976	1977	1978	1979	1980	TOTAL 1975-1980	Average Per Year (1975-1980)	% of Average Arrivals of the Group
OECD GROUP	612.4	639.1	755.2	752.2	690.1	545.9	3,994.9	665.8	100
W. Germany	205.7	197.1	202.7	218.1	198.4	155.4	1,177.4	196.2	30
U.S.A.	79.3	114.8	165.0	158.6	160.7	118.6	797.0	132.8	20
France	113.3	124.2	150.3	140.5	120.4	87.3	736.0	122.6	18
U.K.	99.0	90.4	107.8	92.3	70.0	62.1	521.6	86.9	13
Italy	85.1	74.3	85.4	88.4	80.9	63.2	477.3	79.5	12
Greece	29.7	38.1	43.8	53.9	59.5	59.1	284.1	47.3	7
EAST EUROPEAN GROUP	154.9	159.5	185.6	157.2	170.7	148.9	976.8	162.8	100
Bulgaria	37.0	35.7	42.4	42.0	37.7	59.8	254.6	42.4	26
Poland	25.6	39.0	66.7	29.6	30.3	32.5	223.7	37.2	23
Yugoslavia	92.2	84.7	76.4	85.5	102.6	56.5	497.9	82.9	51
MIDDLE EAST GROUP	230.8	84.6	135.4	189.8	114.4	146.9	898.9	149.8	100
Iran	188.5	50.0	94.1	137.4	66.7	109.0	645.7	107.6	72
Syria	42.2	34.6	41.2	52.4	44.7	37.9	253.0	42.1	28
OTHERS	542.7	792.5	585.1	544.9	551.3	446.1	3,462.6	577.1	100
GRAND TOTAL	1,540.9	1,675.8	1,661.4	1,644.1	1,523.6	1,288.0	9,333.8	1,555.6	

SOURCE: As for Table 7.9

* Rounded figures have been taken

by 63.4 per cent in 1980 over 1979 which was thought to be caused by the revolution in that country. This is likely to remain so as long as there is an opposition to the new regime.

The "others" group consists of a number of countries that sent 577,000 tourists to Turkey per year accounting for more than one third of the grand total during the period under consideration. Generally speaking, there has been a fall in the absolute numbers of tourists from most countries during the period. Nevertheless, Turkey has not reached the point of being dominated by one nationality as has Mexico for example.

In Table 7.11 below the reaction of O.E.C.D., East European, Middle East and "others" tourist groups to the 1975-1980 period which was dominated by political violence, are indicated.

Table 7.11 Changes in Tourist Arrivals In Main Groups, 1976-1980

Main Group	Rate of Change over Previous Year.				
	1976	1977	1978	1979	1980
OECD	4.3	18.1	-0.4	-8.2	-20.8
Eastern European	2.9	16.3	-15.3	8.5	-12.7
Middle East	-63.3	60.0	40.7	-41.3	31.8
Others	46.0	-26.1	-6.8	1.1	-19.0

SOURCE: Calculated from Table 7.10

As the table suggests, the different reactions of various tourist nationality groups towards the politically unstable period were quite different. It can therefore be assumed that the more sensitive a tourist market is towards an emergency situation in a particular country such as Turkey experienced in the late 1970's and especially in 1980, the less this market will be preferred.

7.4 Mode of Transport

Tourism is about being elsewhere and implies a movement away from the place where people usually reside. Transport, which makes such a movement possible, is therefore a major component of any tourist activity involving heavy investment demand and complicated organisation. It will be useful to look first in general terms at the transport used by tourists to reach Turkey.

Table 7.12 shows that during the period 1966-1970 the proportion of tourists who arrived in Turkey by road was 46.8 per cent, while the proportion of tourists travelling by air was 40.6 per cent. The proportion of tourists who arrived by sea and rail was moderate, at 7.2 and 5.4 per cent respectively. This trend explains the initial low level of tourist arrivals in the 1960's during which Turkish authorities' gave priority to road transport development. In 1970, however, for the first time more travellers came by air than by car. This was obviously a welcome development, in so far as it meant that the number of tourists coming from further afield was on the increase. Leaving aside 1966, in which a considerable number of tourists arrived by sea, figures suggest that the gradual erosion of the percentage of travellers coming by road was taken up practically entirely by air travellers. Given the limited amount of time tourists usually have at their disposal, the development of all inclusive or "package" holidays in the West, and the fact that tourists in general have become more air-travel minded, one would expect that this trend would have continued during the 1970's as well. Table 7.13 shows the distribution of tourist arrivals by means of transport during the 1970's.

As the table shows during the 1970's in contrast to the 1960's the proportion of tourists who arrived by sea increased considerably, averaging at 33.2 per cent of the total arrivals. This can be explained mainly by the growing importance of cruising holidays particularly in the Mediterranean where Turkey is located. Possibilities of more ferries and other sea transport from neighbouring coastal countries especially from Greece may have added to this.

Table 7.12 Mode of Travel, 1966-1970 (% of Total)*

Years	Rail	Sea	Air	Road
1966	8	16	31	45
1967	7	5	37	51
1968	5	5	42	48
1969	3	5	46	46
1970	4	5	47	44
1966-1970	5.4	7.2	40.6	46.8

SOURCE: O.E.C.D.

* Excluding Excursionists

Table 7.13 Distribution of Tourist Arrivals by Means of Transport During the 1970's (% of Total)

Years	Rail	Sea	Air	Road
1971 (a)	3	42	28	27
1972 (a)	3	44	35	18
1973 (b)	4	39	29	28
1974 (b)	6	29	27	38
1975 (b)	5	22	23	50
1976 (a)	4	38	34	24
1977 (c)	6	24	25	45
1978 (d)	6	31	26	37
1979 (d)	5	30	31	34
1980 (e)	8	33	24	35
1971-1980	5	33.2	28.2	33.6

SOURCES: Calculated form the Following:

(a) SIS,"Statistical Yearbook of Turkey", Ankara, p.300, Table 315.
(b) Ministry of Tourism, "Tourism Report 1975", Ankara, p.15, Table 6.
(c) Ministry of Tourism, "Bulletin of Tourism Statistics-1979" Ankara, p.20, Table 3.
(d) OECD, "Tourism Policy and International Tourism in OECD Countries", OECD, Paris, 1980, p.160, Table IV.1.
(e) Ministry of Tourism, "Bulletin of Tourism Statistics-1980," Ankara, p.15, Table 4.

Despite the rail link between Ankara and Tehran, inaugurated in 1971 the share of those who arrived in Turkey by rail stayed at a very moderate level of around 5 per cent per year. During 1971-1973 the number of those arriving by air exceeded those by road, but decreased in the next two years (1974-1975), which was mainly probably the result of the closure of Aegean air space due to the Cyprus Peace Operation.

The share of arrivals by air accounted for about one third of the total for the decade as a whole (28.2 per cent). In the short run, the solution for decreasing tourist arrivals is certainly to encourage mass air travel. There are only three airports in Turkey, located in Ankara, İzmir, and İstanbul which has the largest one capable of handling international traffic. Domestic flights are mostly carried out by the smaller aircraft of Turkish Airlines between minor airports in the country which need to be developed more if the long-desired results are to be realised, (see also next chapter, Transport in Turkey).

Despite the huge increases in petroleum prices in the mid and late 1970's, road transport to and within Turkey remains to be the dominant means. Figures in Table 7.13 indicate that the proportion of tourists arriving in Turkey by road was about 34 per cent of the total per year during the period under consideration. The proportion of tourists travelling to Turkey by road was 50 and 45 per cent of total arrivals in 1975 and 1977 respectively. It remained at around 35 per cent in the late 1970's which suggests that road transport is the main means of travel in Turkish tourism arrivals. This is likely to continue to be so for some time to come as most tourists to Turkey are Europeans and there are considerable numbers of Turkish workers in these countries.

It is surprising that transport by rail plays little role in international tourism not only in Turkey but in most OECD countries with the exception of Italy which received over 15 per cent of her arrivals by rail during the 1977-79 period[9] a contradiction to the arguments

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(9) OECD (1980)[a], p.160.

put forward by the ecologists and transport planners.[10]

7.5 Tourist Nights and Average Length of Stay

Tourist nights spent in registered "commercial accommodation", and the average length of stay of tourists play an important role in the total tourist expenditure[11] and in the producing of accommodation service which is one of the main components of the tourism product. There are various methods adopted in estimating the length of stay of tourists in a particular tourist destination country which have various disadvantages and advantages of their own.[12]

Although complete detailed statistics related to tourist nights spent in Turkey are difficult to come by and often non-existent, available information suggests that tourists stayed in Turkey for shorter periods than in any other comparable OECD country, mainly because of her distance from the main tourist-generating countries.[13] Table 7.14 gives some indications on the subject during the period 1966-1975.

As the table shows the average length of stay for tourists from all countries increased on a continuous basis year by year, with the exception of 1974 in which the Cyprus problem arose. It was 7.5 days in 1975 rising from 4.8 days in 1968. The average for European travellers from OECD countries was 7.4 days in 1970 (4.7 in 1968 and 6.9 in 1969). From the USA the average stay was 4.2 in 1970, a fall from 4.7 in 1968 and 4.8 in 1969, but from West Germany the average was 7.9 days in 1970 increasing from 7.4 in 1968 and 7.6 days in 1969. The fact that German tourists, the most important

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(10) For a useful discussion see, Bauladon (1977)

(11) In the UK, for example, the accommodation sector accounted for 32% of the total overseas expenditure totalling £800 mn. in 1978; B T A , "Annual Report for 1979", p.16.

(12) Archer and Shea (1975), pp.8-10.

(13) E I U , "International Tourism Quarterly", No 31971, "National Report 3: Turkey", p.12.

Table 7.14 Average length of Stay of Foreigners, 1966-1975

Data	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
(a) Average Days of Stay										
W. Germany			7.4	7.6	7.9					
USA			4.7	4.8	4.2					
Europe			4.7	6.9	7.4					
All Countries			4.8	5.1	5.5	5.5	5.8	6.5	6.2	7.5
(b) % Increase of those staying										
8-15 days	17.6	9.8	18.4							
16-30 days	13.2	6.6	23.1							

SOURCE: 1966-1970: EIU, "International Tourism Quarterly". No 31971, "National Report. 3:Turkey, p.12.

1971-1975: IUOTO Statistics.

single group, stayed just over seven days on average over 1968-1969, may indicate that a plateau was being reached in the increasing length of holiday stays and that it was closely related to the travelling distance to and from Turkey.

The figures for 1966, 1967 and 1968 (none were available for later years), however, indicate a contrary trend. The number of tourists staying 8 to 15 days increased by 17.6 per cent between 1965 and 1966; 9.8 per cent between 1967 and 1968. Travellers staying 16 to 30 days grew at 13.2 per cent in 1966 over 1965; 6.6 per cent in 1967; and 23.1 per cent in 1968. The reason for this apparent contradiction may have simply hinged on the mode of travel. Those tourists who came by car, and it is assumed that those coming from

West Germany fell into this group in the main, only stayed a short time; those coming by other means may have stayed longer. This trend is probably correct as far as tourists from Western Europe are concerned but North American tourists, who probably stopped in several countries along their route did not appear to lengthen their stays.

In general, however, the increase in the average stay of tourists especially after the 1970's (reaching 7.6 days in 1975), can be best explained by the fact that travel to Turkey by road was being overtaken by air (and sea) travel, a sign of the arrival of mass tourism and booking of more accommodation.

Table 7.15 shows the numbers of tourist nights spent at registered "commercial accomodation" thus giving some indication of the type of places where tourists stayed during the late 1970's and of the type of tourism prevailing in Turkey. The table shows that although nights spent by tourists at registered accommodation increased by 41.6 per cent in 1978 over 1977 from 1,259,300 to about 1,840,400 they fell by 11.4 per cent in 1979 amounting to 1,631,300; a very low level compared with some other tourist receiving countries in the region.[14] It also illustrates a very important point in Turkish tourism that most of the nights spent by tourists, are at hotels constituting about 78 and 82 per cent of the total nights spent, averaging 1.4 mn. nights a year in 1978 and 1979, for the simple reason that hotels and motels provide a better standard of services such as central heating, shower, telephone etc., compared to other means of accommodation. Given the fact that the proportion of those "other means" of accommodation and camp sites in particular, is indicative of a poor range of choice in terms of product diversification which is a respective impetus in mass tourism. Furthermore, other accommodation means such as youth hostels, privately rented apartments and houses as offered by Austria, Italy and Yugoslavia for example, are either of little significance or non-existent in Turkey.

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(14) Figures for Yugoslavia, Spain, Italy and Portugal are about 34.8, 84.4, 87.5 and 7.7 mn. nights in order in 1978, OECD (1980)[a], p.140.

Table 7.15 Nights spent by Tourists in Registered Tourist Accommodation*, 1977-1979

	1977	1978			1979		
		Nights	Relative Share %	1978/77 %	Nights	Relative Share %	1979/78
Hotels and Similar Establishments	1,259,310	1,428,461	77.7	13.4	1,339,003	82.1	-6.3
Other Means**		412,025	22.3		292,351	17.9	-29.0
All Means of Accomm.	1,259.310	1,840,486	100.0		1,631,354	100.0	-11.4
Of which Camping Sites		164,436	0.0		76,599	0.0	-53.4

SOURCE: As for Table 7.6

* Figures based on a monthly sample survey carried out in 1978 and 1979 among establishments licensed by the Ministry of Tourism and Information. A questionnaire was sent to 452 establishments (totalling 63,639 beds) in 1979; the average monthly number of establishments which replied was 235 (totalling 31,880 beds) in 1978 and 247 (totalling 31,241 beds) in 1979.

** Camping sites, spas and holiday villages.

It will be further useful to look at the distribution of tourist nights spent at registered accommodation, according to the main tourist groups during 1977-1979, and the average length of stay in registered accommodation in particular countries as shown in Table 7.16. The table illustrates that all tourists stayed 9 days in Turkey of which between two or three were spent in registered accommodation during the period under consideration. These figures are comparatively lower than those of OECD tourist-receiving countries like Spain, Portugal Ireland and the U.K. Of the total nights spent in registered accommodation, 77.5 per cent were by tourists from OECD countries staying 2.75 days on average, increasing from 2.59 days in 1977 to 2.84 days in 1979.

European countries led by Germany and France occupied registered accommodation more than other tourist groups averaging about 68 per cent of the total nights spent, staying approximately 2.8 days, increasing constantly from 2.6 days in 1977, to 2.8 days in 1978 and 2.9 days in 1979. Within the OECD group, tourists from Japan whose share was relatively small, had shorter stays compared with those from North America averaging 1.1 and 8.2 per cent of the total nights spent in country's registered accommodation, lasting 2.2 and 2.5 days during the period concerned.

Despite the setback in 1978, tourists from all non-OECD countries led by Yugoslavia increased their share in total nights spent from 21.5 per cent in 1977 to 25.6 per cent in 1979, staying 2.5 days on average.

Two important features emerge from the interpretation of the duration spent by tourists in Turkey. First, most tourists to Turkey in general and of those registered with tourist accommodation are from OECD countries (mainly European) and stay longer than others. Secondly, the average length of stay of tourists from all countries in Turkey has increased continuously in the 1970's from 5.5 days in 1970 to 9 days in the late 1970's. This increase in average length of stay may be attributed to a variety of possible causes, the main one of which is the growth of mass tourism based on sun-seeking rather than sightseeing. With regard to the difference in average length of stay

Table 7.16 Nights Spent in Registered Accommodation by Main Tourist Groups and Average Length of Stay, 1977-1979

	1977			1978			1979		
	Nights (000)	Relative Share %	Average Stay (Day)	Nights (000)	Relative Share %	Average Stay (Day)	Nights (000)	Relative Share %	Average Stay (Day)
Europe	916.6	67.1	2.62	1,305.9	71.0	2.87	1,081.7	66.3	2.89
North America	133.7	9.8	2.44	141.1	7.7	2.53	117.9	7.2	2.53
Japan	21.6	1.6	2.44	15.6	0.8	2.06	14.6	0.9	2.17
Total OECD	1,072.0	78.5	2.59	1,492.8	79.5	2.82	1,214.3	74.4	2.84
Yugoslavia	20.1	1.5	2.11	31.0	1.7	2.25	29.2	1.8	2.08
Total Non-OECD	293.4	21.5	2.49	377.6	20.5	2.49	416.9	25.6	2.46
All Countries	1,365.5	100.0	2.57	1,840.4	100.0	2.75	1,631.3	100.0	2.73
Average length of Stay in the Country (1976 = 8.7 days)		9			9			9	

SOURCE: Source as for Table 7.6

(*) The average length of stay in tourist accommodation is obtained by dividing the number of nights recorded in particular means of accommodation by the number of arrivals of tourists at that accommodation.

of tourist nationality groups, it seems likely in the foreseeable future that European tourists will maintain a longer average stay than that of other tourist groups and that these stays will constitute a larger proportion of nights spent at registered accommodation, provided that the economic and political situation in Turkey sees a positive development towards democracy and futher economic recovery afterwards. (For detailed figures of nights spent see appendix 7.1).

It must also be mentioned that possibilities of increasing the length of stay such as medical tourism and festivals should be examined. Along these possibilities the development and promotion of medical tourism, based upon the country's sea cures,(15) and natural spas and minerals,(16) seems to be very promising indeed.

7.6 Seasonality

The definitions and causes of the problem of seasonality associated with tourism have already been discussed. The seasonality problem arises from the fact that in certain months of the year tourist facilities, particularly hotels, are used to full capacity or nearly so, while in other months they remain little used if at all, which is clearly uneconomic. This problem is most marked where the industry is dependent upon holiday rather than business related travel.(17) Any marketing effort which can be made by a tourist-receiving country to sustain and spread out the demand during usually slack or off-season periods is well worth the effort. For example, the development of promotional fares by carriers and the expansion of the number, timings and variety of tours offered have all helped to stimulate demand in the off-season.(18) These kind of marketing efforts brought some success to a number of countries of which Britain is one. For some time, for instance, BTA has sought to minimise the uneven monthly distribution of Britain's overseas tourist traffic which has been one of its most significant tourism strategies and has met with some real success.(19)

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(15) See Ülker (1978), pp. 295-300.
(16) Türkoğlu (1972), p.6.
(17) IUOTO (1970), p.39.
(18) McIntosh (1972)
(19) In 1965, the June, July and August peak accounted for 47 per cent of total tourist arrivals; in 1975 for only 39%, BTA (1976), p.3.

One of the main problems affecting tourism in Turkey during the 1960's was that too many tourists came for a short visit, during a short season. The three months of July, August and September accounted for almost 50 per cent of total tourists between 1965 and 1968 and for slightly more than half in 1969 as shown in Table 7.17. This was probably linked with the travelling distances involved as it is not worthwhile to travel to Turkey unless a considerable time can be devoted to the travel and the stay. Given the profile of the average traveller (see next section), this is bound to coincide with the summer holiday months in Western Europe.

Table 7.17 Tourist Arrivals by Month in the 1960's (000's)*

	1965	1966	1967	1968	1969	1970
July	50.0	66.5	54.3	79.1	79.8	83.1
August	58.7	73.9	59.1	68.3	90.0	91.1
September	35.1	41.0	42.8	39.3	48.4	46.2
Rest of Year	156.7	201.4	189.3	196.3	216.3	215.7
Total	300.8	383.0	345.6	383.1	434.7	436.3

SOURCE: OECD

* Excluding Excursionists

There was, however, a slight indication that the summer season was beginning earlier: in June 1970 there were 14.1 per cent more tourists than in June 1969, and in 1969 29.2 per cent more than in June 1968.[20] Conversely, the number of tourists arriving at either end of the year was decreasing both proportionally and absolutely and this must have caused severe problems in the staffing and maintenance of establishments catering for tourists. The figures do show clearly that Turkey, with a potential for an eight to eleven month season, failed to put this message across in the 1960's.

In the examination of the seasonality in Turkey's tourism over the last decade, the Average Percentage Method which provides a quick

(20) EIU , "National Report No 3", p.13.

and simple procedure for constructing a seasonal index has been used.[21] The data for each month is expressed as an average of the year. The percentages for corresponding months are then averaged to obtain the set of numbers constituting the seasonal index. The computational process for the period 1971-1980 and the results obtained are entered in Table 7.18.

The seasonal index numbers indicate that:

(1) Tourist arrivals over January to Aprilhave usually been between 7.7 per cent and 63.6 per cent below average monthly tourist arrivals in the 1970's.

(2) Tourist arrivals in November and December have been 36 and 50.9 per cent below average monthly tourist arrivals respectively.

(3) January and February followed by December accounted for the lowest percentages below average monthly tourist arrivals being 63.6, 63.4 and 50.9 per cent in order. Although Turkey has some good skiing resorts,[22] these have not yet been developed to any considerable degree and that may well be one of the reasons for the poor numbers at the end and beginning of the year.

(4) The summer months, particularly July and August, well over-reached average monthly tourist arrivals by 90.4 and 85.9 per cent respectively, other months ranging between 39.8 and about 10 per cent. This means that although uneven monthly distribution of Turkey's overseas tourist traffic has been minimised to some extent in the 1970's compared with the 1960's, July, August and September remained peak months accounting for 42.5 per cent of the total tourist arrivals during the 1970's.

What accounts for seasonality and how it can be reduced is a basic question in tourism planning and this question should be considered more carefully.

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(21) Merill and Fox (1970), pp.470-480.

(22) One of which is Uludag in the province of Bursa where the researcher carried out some of the field study among hoteliers and tourists themselves in 1980 during which only a mere number of 2,004 tourists visited the Tourism Information Bureau of the province which is also a directorate of the related ministry in the area. The main finding was that the resort and the province itself lacked many basic facilities that even local people complained about despite its high potential for tourism in general.

Table 7.18 Seasonality of Tourist Arrivals to Turkey During the Period 1971-1980

Part A: Original Data in Thousands of Arrivals

Month	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
January	16.6	17.2	24.5	29.0	51.5	54.1	67.3	62.0	55.6	59.5
February	18.7	17.6	28.5	30.0	54.1	59.0	58.6	59.4	58.3	51.5
March	30.0	35.1	44.6	66.3	86.3	79.7	86.7	103.3	69.8	67.2
April	63.3	68.4	99.7	96.0	98.4	136.4	140.4	148.3	112.6	91.7
May	81.9	79.3	121.3	118.2	131.4	143.5	162.5	148.9	137.6	118.4
June	89.2	113.3	153.7	220.7	200.6	236.8	282.9	242.6	207.0	202.4
July	154.4	153.7	220.7	200.6	236.8	282.9	242.6	207.0	202.4	177.1
August	181.4	177.6	235.4	132.2	247.1	230.1	238.4	248.8	230.9	207.0
September	133.7	130.1	158.1	98.3	182.5	188.8	171.3	176.4	175.3	151.5
October	87.3	94.2	134.8	58.5	135.5	153.9	140.3	162.2	163.7	127.0
November	41.0	37.3	64.6	39.6	88.8	102.6	107.0	105.7	105.7	63.4
December	27.9	28.9	51.7	36.2	65.2	81.6	75.0	84.2	74.2	54.2
Column Totals	926.0	953.4	1,338.2	1,031.6	1,540.9	1,675.8	1,661.4	1,644.1	1,523.6	1,288.0
Monthly Average	77.16	79.45	111.51	85.96	128.40	139.65	138.45	137.00	126.96	107.33

SOURCES: Data for 1971-1974: SIS, "Tourism Statistics - 1976", p.1, Table 1.
Data for 1975-1977: Ministry of Tourism and Information, "Bulletin of Tourism Statistics - 1977", p.9, Table 1.
Data for 1978-1980: MTI, "Bulletin of Tourism Statistics - 1980", p.7, Table 1.

Part B: Percentage of Monthly Averages

Month	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Raw Total	Seasonal Index
January	21	21	21	33	39	38	48	45	43	55	364	36.4
February	24	22	25	34	42	42	42	43	45	47	366	36.6
March	38	44	39	77	67	57	62	75	54	62	575	57.5
April	82	86	89	111	76	97	101	108	88	85	923	92.3
May	106	99	108	137	102	102	117	108	108	110	1097	109.7
June	115	142	137	146	127	116	123	100	108	110	1224	122.4
July	200	193	197	233	184	202	175	151	159	165	1859	185.9
August	235	223	211	153	192	164	172	181	181	192	1904	190.4
September	173	163	141	114	142	135	123	128	138	141	1398	139.8
October	113	118	120	68	105	110	101	118	128	118	1099	109.9
November	53	46	57	46	69	73	77	77	83	59	640	64.0
December	36	36	46	42	50	58	54	61	58	50	491	49.1
Total												1200.0

SOURCES: Data for 1971-1974: SIS,"Tourism Statistics - 1976", p.1, Table 1.
Data for 1975-1977: Ministry of Tourism and Information, "Bulletin of Tourism Statistics - 1977" p.9, Table 1.
Data for 1978-1980: MTI, "Bulletin of Tourism Statistics - 1980", p.7, Table 1.

Looking at the degree of seasonality of tourism in Turkey by comparison with that in other Mediterranean countries may prove to be useful. The monthly average of tourist arrivals for a year expressed as a percentage of the maximum month for the same year will be used as a crude measure of the seasonality of demand in years, for which data is available. The lower the monthly average as a percentage of peak month demand, the more the degree of seasonal variation in tourism.

Table 7.19 shows that the monthly peak in tourist demand in Turkey has been more pronounced than in other selected Mediterranean countries, with the exception of Greece where seasonality is a major factor and Morocco, whose degree of seasonality markedly fluctuated from year to year. In every year introduced in the table, the monthly average of tourist arrivals as a percentage of arrivals during the peak month, was lower in Turkey than in Egypt, Israel and Morocco, for the latter, 1970 being the exception.

Table 7.19 Monthly Average as a Percentage of Peak Month Demand in Turkey and in Selected Mediterranean Countries,* 1964-1974.

Country	1966	1968	1970	1972	1974
Greece	45.6 (Jul.)	41.8 (Jul.)	41.1 (Aug.)	43.2 (Jul.)	41.6 (Jul.)
Turkey	46.3 (Aug.)	44.6 (Jul.)	44.7 (Aug.)	44.7 (Aug.)**	42.8 (Jul.)**
Morocco	49.3 (Aug.)	50.7 (Aug.)	44.3 (Aug.)	51.4 (Aug.)	46.1 (Aug.)
Israel	54.7 (Jul.)	53.7 (Jul.)	47.8 (Jul.)	60.7 (Jul.)	63.5 (Jul.)
Egypt	74.6 (Sep.)	68.6 (Jul.)	57.5 (Jul.)	60.3 (Jul.)	72.7 (Jul.)

SOURCE: IUOTO and UNCTAD various issues.

* The peak month has been indicated next to the figure on monthly average as % of peak month.

** Derived from table 7.18.

The table also shows that although the degree of seasonality changes from country to country, the summer months of July and August remain the peak months of tourism seasonality in the area, July for Greece, Israel and Egypt and August for Morocco and particularly for Turkey. Despite the lack of data on the degree of seasonal variation between the main tourist nationalities to Turkey, one can argue that the slighter the degree of seasonal variation of tourist demand of a particular group, the more desirable this group will be to the host country.

It has to be mentioned that as the foregoing analysis revealed, the seasonal variation in demand for the Turkish tourism product has been improved in the 1970's, further offsetting the existing seasonal pattern of demand and is recommended through a more efficient and effective promotional programme. For this, the pattern of vacation taking in main tourist generating groups to Turkey needs to be analysed in detail, on which related promotional programmes can be concentrated. Apart from effective promotional programmes, there are many ways which have been suggested in general for reducing seasonality,[23] as it necessitates vast investments in accommodation, transport and other tourist facilities which are utilised only for a fraction of the year, accounting for social and personal, "seasonal losses" which are difficult to quantify. These include the introduction of lower fares during the off-season, conferences, festivals and sporting events aimed at smoothing out seasonality that should be carefully considered in planning for future tourism in Turkey.

7.7 Profile of Tourists to Turkey

The close interrelation between the socio-economic characteristics of the tourist and the demand characteristics has already been referred to. In the analysis of travel demand, it is therefore vitally important to try and treat various parts of the market separately because the factors which cause them to grow are likely to be different. The question is then how to disaggregate the demand for international travel.

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(23) For details see, Baron (1975), pp.44-55.

Concentrating for the moment on pleasure travel, the largest and most dynamic component of international tourism and since the main interest in this study is from the viewpoint of the receiving country perhaps the most relevant way of breaking up aggregate demand is to do so according to what kind of facility satisfies that demand. For this purpose demand can perhaps uni-dimensionally be divided as lying between two poles, being satisfied by:

(a) user-oriented destinations, whose important characteristic is their ready accessibility, "sunlust" tourism;

(b) resource-based sites whose characteristics are their outstanding physical resources (this applies to historical as well as natural resources); "wanderlust" tourism.

Gray[(24)] pin-pointed the different behavioural assumptions that lie between these two types of demand. He also pointed to the fact that the two components would be affected by the cost of travel in different ways. To the extent that travel costs accurately reflect the distance between the nation of origin of the travellers and the exporting nation, the"market for sunlust travel exports can be expected to grow centrifugally from the centres of demand subject to quality differentials in the available resorts."[(25)] Unit costs of services and average costs of transportation will be the relavant cost, time constant. On the other hand, "wanderlust exports will be less sensitive to total transportation costs because of the unique quality of what each nation offers and because of the important role of marginal costs in determining the demand for any one country's services."[(26)]

7.7.1 <u>In the 1960's</u>

The published consumer survey[(27)] in this field conducted in 1965 showed that the typical tourist to Turkey was most compatible with the stereotype of the "wanderlust" traveller, being of European or North American origin. Particularly striking was the age group (20-29) and occupation (student or businessman) given by the average traveller. Certainly

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(24) Gray (1970), p.14.
(25) Gray (1967), p.12.
(26) Ibid,p.13.
(27) The Ministry of Tourism and Information - with the Co-operation of the S.I.S. (1966), publication No 500.

the survey's findings appeared to be consistent with the opinion of a leading expert in the field of tourism, that to a greater extent than in other fields of leisure, international travel is dominated by two large groups: young people up to an age just before or after marriage - the "wanderlust" market; and the middle aged just before retirement - the "sunlust" mass chartered inclusive tour (CIT) market.(28)

The same study also identified the typical visitor to Turkey in the mid 1960's by the following characteristics:(29) He was usually on his own and on his first visit by unorganised travel, coming by car, staying between two and four days in Turkey. There was no special reason which prompted him to come in the first place, generally "vacation" or "pleasure" were given as his motives. When in Turkey, he was three times as likely to visit İstanbul as anywhere else in Turkey and most likely to stay in an hotel. Furthermore, there was not a great deal of difference in the amount of money spent by each group.

The late 1960's witnessed almost identical tourists coming to Turkey. Between 30 per cent and 40 per cent of all travellers over the period 1966 through to 1969 gave their occupation as "employee". The second largest group is composed of students, accounting for about 14 per cent of the total. Typically this group showed much less variation from year to year, but, of course, students do not constitute the most important tourist group either in numbers or in spending power. Most tourists fell into one of two age categories: those in their thirties and forties formed the most important group, followed by those in their early twenties. In 1969, for example, 91,000 tourists were in the 30-39 age bracket; 71,400 in the 40 to 49 group; and almost 70,000 in the 20-24 group, which also showed the greatest rise from 42,600 in 1966.(30)

Yet it is also interesting to note how little Turkey was a family holiday destination in the 1960's. There are no separate statistics

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(28) Lickorish (1966), pp.10-14.
(29) M T I (1966), Publication No 500.
(30) E I U , No. 31971, "National Report No 3: Turkey"

for tourists alone, which give an accurate picture of the number of families travelling together, but the figures for foreign arrivals generally are highly indicative. Less than 3 per cent of travellers did not travel alone and only 1 per cent were in groups of more than two persons. The trend is not constant for all nationalities, however, there was an increase of over 100 per cent between 1966 and 1969 on the number of German families of three or more. For French tourists the increase was 80 per cent, and for British tourists it was 130 per cent. The trends for groups of more than three people travelling together were too unreliable to be worth using. It may therefore, be that more Europeans began to look upon Turkey as a potential family holiday country in the late 1960's but the numbers were too limited to indicate any clear trends. Generally speaking, therefore, the picture that emerges from the statistics is that the traveller to Turkey in the 1960's was either a middle-aged white-collar worker or a young student, in both cases mostly travelling on his own. Although their requirements tend to be different depending on their socio-economic status, what was most noticeable was that there was no considerable demand for middle-range hotels or facilities in the Turkish tourism product and this must have had serious repercussions in the planning of the tourism industry as a whole and particularly on the accommodation sector.

One could speculate that the poor performance of Turkey in attracting international tourists in the 1960's, was due to the structure of the demand it faced: that of the individualist "wanderlust" as opposed to the faster growing mass "sunlust" market. Since "sunlust" facilities are user-oriented, with demand generated centrifugally from the population base, Turkey appeared to be at a disadvantage worsened by the competitive capacity created between her and her major markets, namely Yugoslavia and Greece (and to a lesser extent Bulgaria and Romania) in the 1960's.[31]

Failure in the 1960's mainly relates to economic factors and to the fact that customers (tourists) and their "whereabouts" and motives

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(31) Diamond (1977), pp.548-549.

were not analysed thoroughly to develop and improve a tourism product which attracts people just in the same way as a commodity is sold in any given market.

7.7.2 In the 1970's

Turkey is not yet on the verge of a mass tourism boom as is clearly shown by the type of tourist who visits the country. The only available related statistics in the field published by the S.I.S. in 1976 in which foreign arrivals reached the peak (1,675,000), show that 99 per cent of the total visitors came to Turkey alone and only 0.5 per cent were accompanied by one person.[32] The figures for those with more than two people travelling together are too modest to speculate on. The trend in the late 1960's, giving the hope that Turkey was becoming a potential family holiday destination did not seem to have become a reality after all. The Cyprus problem in 1974 followed by economic and political instability may be the main reasons for visitors to come alone, from the point of security reasons mentioned earlier.

There is every indication that "wanderlust" tourism, showing aforementioned characteristics in the 1960's also prevailed in the country in the 1970's. As Table 7.20 shows, most tourists fell into the 20-29 and 30-49 age groups, accounting for almost 60 and 33 per cent of the total arrivals respectively.

Table 7.20 Foreign Arrivals to Turkey by Sex and Age Group, 1976

	15-19 (000)	20-29 (000)	30-49 (000)	50+ (000)	Total (000)	%
Male	12.0	233.8	342.4	57.0	645.2	51.3
Female	5.9	519.2	65.8	22.5	613.4	48.7
Total	17.9	753.0	408.2	79.5	1258.6	100.0
%	1.6	59.4	32.6	6.4	100.0	

SOURCE: S.I.S., "Tourism Statistics-1976," p.10, Table 9.

(32) S I S , "Tourism Statistics - 1976", Ankara.

As the table indicates those in their twenties were mainly females totalling 519,000 and accounted for 68.9 per cent of the age group constituting almost 84 per cent of the group totalling 342,000. In other age groups the male proportion was higher than female. It seems reasonable to assume that tourists constituting the largest group of 20-29 come to Turkey mostly for cultural reasons and are more likely to travel individually. Although their spending power may be limited, they may impose more social and cultural impacts on Turkish society as they tend to mix with local people, especially the young. Those belonging to the 30-49 age category are presumed to be people in the upper and middle income groups, usually coming on an organised tour, patronising large or at least medium sized hotels.(33)

Figures presented in Table 7.21 showing the type of tourism and occupation of tourists visiting Turkey must be regarded with some caution, as the proportion of "others" and "unknown" groups is considerably high. They however, show the main characteristics of a "typical tourist" visiting Turkey in the 1970's.

As the table indicates, most tourists visiting Turkey were "employees" amounting to about 355,000 constituting the highest percentage in the groups of those travelling with or without organised tours representing 29 per cent of the total. Of these tourists, 102,700 visited Turkey on an organised tour, probably staying at medium sized hotels. Although the numbers of students on organised tours were not high, they formed by far the second largest group of tourists exceeding 102,000 in total and representing 8.4 per cent of the total of which about 80,000 found their way to Turkey individually. The proportion of those tourists who gave their occupation as "tradesmen" and "self-employed" together with "professionals" seem to have taken almost equal shares in the organised tours to Turkey, each amounting to about 20,000 representing 3.1 per cent of that group. Their respective

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(33) These trends are also consistent with the results of the survey carried out among Turkish Travel Agents and Tour Operators in 1975 and 1976 by the Ministry of Tourism; DPT/SPO (1977), Publication No 1529 - ÖİK: 225, pp.230-282.

shares in the individual form of travel were, however, higher, almost double for each group, representing 4.9 and 5.4 per cent of the 1.2 million tourists respectively. On the assumption that these two groups of tourists are in the upper and middle income groups, their role in the economic contribution of tourist expenditure to the country would be of more importance than other groups. In fact, their joint proportion in number and percentage was considerable amounting to about 125,000 that is, over 10 per cent of the total thus overtaking the proportion of those who are students.

Table 7.21 Tourists by Occupation and Type of Travel, 1976

Occupation	Type of Travel: Organised Tours (000)	Organised Tours % Relative Share	Individual (000)	Individual % Relative Share	Total (000)	Total % Relative Share
Workers[a]	11.1	1.7	26.1	4.5	37.2	3.0
Employees[b]	102.7	15.9	252.0	43.8	354.7	29.0
Tradesmen and Self Employed[c]	19.9	3.1	39.4	6.8	59.3	4.9
Professionals[d]	19.9	3.1	45.9	8.0	65.8	5.4
Students	21.9	3.4	80.3	14.0	102.2	8.4
Others	12.8	1.9	72.2	12.5	85.0	6.9
Unknown and No Occupation	458.6	70.9	59.9	10.4	518.3*	42.4
Total	646.9	100.0	575.5	100.0	1,222.5	100.0
	53%		43%			

SOURCE: S.I.S. "Tourism Statistics-1976", Ankara, pp.7-15.

(a) Persons working in Manufacturing, Quarrying and Agriculture
(b) Civil Servants and Clerical workers
(c) Tradesmen and artists
(d) Doctors, Lawyers, Dentists etc.

(*) Covers excursionists also.

The other interesting feature emerging from the table is that the proportion of those who were recorded as "workers" is extremely modest compared to other groups. Their share did not exceed even 2 per cent of the organised tourists group with a number of about 11,000 and totalling 37,000 as a whole constituting 3 per cent of the tourists who visited Turkey in 1976. This is another indication that "mass tourism", though boosted by the increase in paid holidays and shorter working hours of workers, particularly in Europe, still does not form the bulk of demand for the Turkish tourism product. Alternatively, Turkey did not develop neither "the product" nor policies to attract the relative basket of demand for one reason or another, which will be analysed in the following chapter.

In general, foregoing analysis reveals that tourist characteristics have not differed significantly in the 1970's. The tourist is still most likely to be of European or American orgin, an "employee" or student in his twenties (less likely in his thirties or forties being of upper or middle income class), travelling on his own during the summer months of July and August by land, staying at a hotel or alternative means of medium sized accommodation for about a week. He is also in Turkey on a tour of Europe or the Middle East, and most likely to spend some or most of his time in İstanbul. These characteristics are most suitable to the "explorer" type of tourist rather than the "drifter" or so-called "hippy". (For tourist types and their place in tourism types, see chapter 1). All these and the results of field research clearly reveal that despite the increase in the number of foreigners to Turkey on an organised "package" holiday in the 1970's, "wanderlust" based, individual tourism still remains the main tourism type prevailing in the country over the "sunlust" based mass tourism. In other words, demand for the Turkish tourism product is, in general, culture, historical heritage, and sightseeing orientated rather than sun and beach oriented.[34]

7.8 Tourist Expenditure

Generally, the expenditure of foreign visitors who are not regarded as tourists should be excluded from the travel account in the receiving

(34) Complete samples of questionnaires and their results can be found in Appendices 7.3 and 7.4.

country. Also, in line with the intention of the IMF Manual,[35] expenditure on the acquisition of financial assets, and purchases made by business visitors in connection with their business, as well as commission earned by hotels and other establishments from non-resident agencies, should be excluded from the travel account. In practice nevertheless, statistics on foreign travel receipts compiled in any country are subject to errors in classification and definition.[36] The collection of travel expenditure data in most countries usually relies upon some form of sample survey on the basis of questionnaires circulated to individual tourists, as well as by direct comprehensive survey of hotels and other types of tourist accommodation. The reliability of the methods of tourist sample surveys is likely to vary considerably among different countries according to the size and method of selection of the sample and the willingness of tourists to reveal how much they spend. The reliability of the method of a direct survey would depend essentially on the number of hotels and other tourist accommodation establishments willing to co-operate with the investigator. Providing there is a reasonable degree of coverage and individual response, it may be possible that statistical methods would provide a basis for the analysis of total tourist receipts. Such methods of estimating and classifying total tourist receipts however, are not expected to be entirely accurate. Estimates prepared by the central banks, if based solely on bank transactions, are likely to be subject to even greater inaccuracy (particularly if a significant part of tourist expenditures have found their way through unofficial channels which is thought to happen often in Turkey) mainly because of problems of classification and definition, therefore published balance of payments figures on the travel accounts, even if they were not mixed with other accounts, may give a false picture of the goods and services purchased by tourists with foreign currency.

Furthermore, the money spent by tourists in a country is distributed among different sectors of the economy. It is anticipated that tourist spending structure will vary from one tourist destination country to another, according to several variables such as purpose of visit, the type of holiday, the length of stay, the tourists' income level,

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(35) IMF (1961)
(36) On some problems of definition and classification expected to arise in estimating foreign travel receipts, see Gray (1970),pp8-10.

and the family size, age and education. Table 7.22, therefore, should be taken only as an indicator of tourist expenditure in Turkey as its proportional distribution and comparison imposes great difficulties.

In contrast to evidence suggesting that the proportion of accommodation and food constitutes the highest percentage in the tourist expenditure;[37] given the type of tourism and characteristics of tourists to Turkey and low level of stays at registered accommodation, distribution of tourist expenditure in Turkey might be, to some extent, in favour of food, drink and transportation.

Although, as shown in Table 7.22, the number of tourists visiting Turkey fluctuated much less and only in 1966 and in 1976 was there a clear drop. Between 1963 and 1969, there was a total increase from $ 7,600 to $ 36,500 in receipts, an annual rate of growth of almost 30 per cent which was higher than the rate in tourist arrivals (23.2 per cent). In the 1970's, receipts grew by 20.2 per cent annually, during which the growth rate in tourist arrivals was only 5.9 per cent. The reason for this increase is obviously that tourists are spending more per head, from $ 38.5 in 1963 to $ 52.7 in 1969 and $ 253.6 in 1980. The growth rate of tourist expenditure per person, however, fluctuated more, recording a growth rate of 5.3 per cent in the 1960's and 13.5 per cent in the 1970's. (See also next chapter).

Average expenditure per head per day between 1968 and 1974 grew steadily by 22.5 per cent annually from $ 8.31 in 1968 to $ 28.12 in 1974, which in the following two years dropped markedly to $ 12.37 in 1976 and started to increase gradually thereafter. This low level of tourist expenditure per person per head in the late 1970's may be mainly attributable to the length of stay of tourists in Turkey which increased from 6.2 days in 1974 to 9 days by the end of the decade. Average tourist expenditure per person also grew at a moderate rate of 6.4 per cent during 1974-1980.

Comparison of figures of average tourist expenditure per visitor in

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(37) See for example, Bond and Ladman (1972)

Table 7.22 Tourist Expenditures and the Average Expenditure per Person and per Day, 1963-1980

Years	(1) Receipts $ (000)	(2) No of Foreign Arrivals (000)	(3) Average length of stay (Days)	Average Expenditure Per Person $ (4)	Average Expenditure Per Day $ (5) = 4/3
1963	7.6	198.8	-	38.5	
1964	8.3	229.3	-	36.3	
1965	13.7	366.7	-	38.0	
1966	12.1	440.5	-	27.5	
1967	13.2	574.0	-	23.0	
1968	24.0	602.9	4.8	39.9	8.31
1969	36.5	694.2	5.1	52.7	10.33
1970	51.5	724.7	5.5	71.2	12.94
1971	62.8	926.0	5.5	67.9	13.34
1972	103.7	1,034.9	5.8	100.2	17.27
1973	171.4	1,341.5	6.5	127.8	19.66
1974	193.6	1,110.2	6.2	174.4	28.12
1975	200.8	1,540.9	7.5	130.4	17.38
1976	180.4	1,675.8	8.7	107.7	12.37
1977	204.8	1,661.4	9.0	123.3	13.70
1978	230.3	1,644.1	9.0	140.1	15.56
1979	280.7	1,523.6	9.0	184.2	20.46
1980	326.6	1,288.0	-	253.6	

SOURCES: (1), (2), (4): Ministry of Tourism and Information, "Bulletin of Tourism Statistics - 1980", p.36, Table 23.
(3): Tables 7.14 and 7.16.

Table 7.23. Comparison of Average Tourist Expenditure per Person in Selected Counties, 1977-1979 (in US $)

Years	Turkey	Greece	Yugoslavia	Spain	Italy
1977	123.3	251.4	-	117.0	116.7
1978	140.1	294.7	35.9	137.5	147.5
1979	184.2	319.7	45.0	-	-
Period Average	149.2	288.6	40.45	127.2	132.2

SOURCE: Calculated from OECD data, 1979 and 1980.

Turkey, with her neighbours and other selected competitors, represented in Table 7.23, shows that tourists visiting Turkey spend slightly more than those visiting Spain and Italy, averaging at about $ 150 and less than those visiting Greece.

Generally speaking, changes in tourist expenditure and in its structure depend mainly upon changes in the type of tourism prevailing in the country; changes in the relative importance of various kinds of tourist facilities such as hotels, souvenir shops and recreation areas; the general level of prices in the country; and changes in the mix of the kind of tourists visiting the country as between businessmen, students and excursionists for example. In this respect it might be expected that the structure of tourist expenditure in Turkey may have undergone little change over the last two decades, mainly on account of the more or less unchanging type of tourism (wanderlust).

In view of the afore-analysed economic crisis and its adverse effects on the prices of tourist facilities, and demand in general in the late 1970's, these figures must be examined with care. In order to improve total tourist receipts and to achieve a better understanding of the tourist industry as a whole, the Turkish tourist authorities should make a comprehensive and elaborate tourist survey, which would reflect changes in the pattern and structure of tourist expenditure and indeed in the demand profiles in general, thus producing the right tourism product and policies to go with them.

7.9 Future Prospects

The multitude of factors, economic and non-economic affecting the demand for international travel have been analysed in Chapter 2. Available evidence, however, indicates that the flow of tourism is mainly influenced by economic determinants, namely the level of income in tourist generating countries, the price of tourist goods and services in the country visited, and the price of international transport.

Although the role of transport cost in the demand function is of paramount importance, particularly if the tourist destination country is relatively distant from the tourist originating countries, the traditional demand theory leads one to expect that the demand for Turkish tourism relates positively to the level of income in the tourist generating countries to Turkey and inversely to the level of price in Turkey. It is worth remembering, however, that the tourism product is not a single commodity but it comprises a group of goods and services and demand for it, as demonstrated, is highly sensitive to political conditions in and around the country.

In this section of the study, because of the lack of complete necessary data an empirical model[38] will be avoided as the result may be over or undervalued, as has been the case resulting in misallocation of scarce investment resources. Besides, transport costs, particularly air, have been the cause of some difficulty in previous empirical work because of the strong "multicollinearity" that exists mainly due to the relationship between the transport cost variable and the income variable. Gray[39] and Mohammed[40] responded to this problem by omitting the air-fare variable from the model, while Jud[41] (in the context of the demand for tourism in Latin America) obtained data on the total departures from the U.S. to each of 21 Latin American countries. The data were then pooled to form a

(38) Previous Research work related to subject has employed either the number of tourist arrivals or tourist expenditures. See for example, Gerakis (1965), pp. 365-380; also Artus (1972), pp. 579-604.
(39) Gray (1970)
(40) Mohammed (1977)
(41) Jud (1977)

combination of both time-series and cross-section data. The departure totals were then regressed upon the level of real roundtrip air fares and the level of U.S. real per capita disposable income. This however, would not be feasible in the case of Turkey. One must, of course, always be aware that the rate of domestic inflation in various countries, particularly in the 1970's, differs considerably and changes in exchange rate further alter the meaning of the figures in the measurement and comparison of tourist flows in real terms, worsened by the existence of the black market, which exists in Turkey.

Analysis in this chapter indicates that during the coming years of the present decade the greatest share of tourist arrivals to Turkey will still continue to come from the OECD countries, mainly from Europe, despite the recent slump in the number of tourists from these countries. The declining number of tourists from the West was mainly caused by the serious and unstable economic and political condition of Turkey in the late 1970's. Based on the U.K. experience,[42] other reasons were: lack of tourism promotion and an indifference towards the marketing of holidays to Turkey in any form; overbooking of airlines; constant flucutaions in fares and hotel rates and; poor airport facilities, particularly for chartered flights. There are, however, possibilities for increasing the relative share of both groups of tourists from Europe and Middle East countries, if this is thought to be desirable for seasonality considerations for example, through efficient promotional efforts. Also apart from improving the standard of tourist services in general, it may be possible to exploit certain natural resources for "beach based sunlust" tourism to attract more visitors from the West. Such a possibility nevertheless, together with others such as ski resorts and health spas, should be based on feasibility studies, and unless it was certain that such exploitation of tourist resources would result in more tourists, particularly from the West, it would seem unwise to allocate resources to such projects.

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(42) Tour operators and travel agents based in the tourist generating countries play a vital role as "wholesalers" and "retailers" in the marketing of the tourism product of Turkey and show almost identical characteristics in the code of conduct and overall objectives. The results of the survey given in appendix 7.3 are therefore, highly indicative. For the latest situation on and future prospects for the British Travel agents and overseas tour operators see, Key Note Publications (1981)

One may conclude that tourism in Turkey, given the condition that the country will enter a period of economic and political stability after the 1980 coup, represents an attractive avenue of production diversification and has a bright future. In order to avoid over-investment in the tourist sector and consequent waste of resources one should not over-estimate future tourist potential.(43) In other words, the potential of tourism in Turkey cannot be ignored, but it is not to be expected that the Turkish tourist industry should become in the near future, of substantial size, or assume a key position, as it has done in other Mediterranean countries such as Spain, Italy or Yugoslavia.

With particular reference to the uncertainty and fluctuations surrounding the tourist demand in Turkey, it can be said from latest developments that the sensitivity of tourist demand to economic and political unrest in the country may have greatly been reduced by the Military Coup in 1980.(44)

On the other hand, as many parts of the analysis carried out in this chapter revealed, Turkey's customers for tourism are highly diversified in comparison with those of many other tourist destination areas and this calls for an up-to-date comprehensive tourist survey to be undertaken in order to identify adequately the demand profiles for each of the main tourist generating-countries as the basis for the politically and economically new period which dawned with the Coup at the beginning of the present decade and for the new policies afterwards.

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(43) State Planning Organisation, for example, estimated the total foreign arrivals to be 3.5 mn. in 1980, for which actual numbers were not more than 1.2 mn; 4.7 mn. in 1982; 5.3 mn. in 1984, which are all over-optimistic; DPT/SPO (1977), Publication No: DPT : 1529 - ÖİK : 225, p.332.

(44) There have recently been, however, reports in the "European Press" criticizing the new regime especially on its social and political objectives which might affect the flow of tourists to Turkey from the West as negative propaganda.

CHAPTER 8

THE SUPPLY OF THE TURKISH TOURISM PRODUCT AND ITS SOCIO-ECONOMIC IMPACTS

8.1 Introduction

The knowledge gained from discussions in previous chapters in general, will serve in carrying out the aim of this chapter. The purpose is therefore, to examine the existence and efficiency of the basic elements on which the Turkish tourism product is based, the policies pursued and economic impacts imposed by the tourism industry on the country.

It has been mentioned before that Turkey has been endowed with a wide range of tourist assets and that tourism in Turkey is still largely dependent upon her national heritage and culture. Although the country possesses quite abundant physical factors of production such as its climate, land features and beautiful beaches, tourism based on such traditionally major tourist attractions is still of minor importance. Early in this study, it was noted that the scarcity of foreign exchange earnings available for development efforts provides a strong justification for blending tourism into the general development strategy in Turkey.

It is, however, important to realise that foreign exchange earnings are only one aspect of the total economic effect. The development of a particular industry within the export sector of a given country will have varying repercussions on income and employment. The extent of these repercussions will vary according to the type of links which connect that industry with other sectors of a developing economy.

In general, the greater the increase in income and educational effect as a result of developing a tourism product, and the greater the induced demand for domestically produced intermediate and capital goods, the greater will be the subsidiary benefits of the tourist industry and hence the more tourism can be regarded economically beneficial.

Having emphasised the economic influences the tourist industry has on a developing economy, one should not neglect the socio-cultural and environmental aspects associated with tourism in the overall calculation of the contribution of tourism, though their significance is difficult to quantify. Consequently, the government should form suitable policies for the planning, development and control of tourism as it should do with other sectors of the economy.

The extent of government intervention in the production, developing and marketing of tourism products varies according to the political-economic constitutional system and the degree of economic development in general and of tourism's development in particular in different countries. It has been generally recognised that "a less developed country, with a relatively weak private sector, will require a greater degree of direct government intervention than a highly-developed country with a traditionally vigorous and independent private sector.[(1)]

The purpose of government intervention should, in any case, be aimed at obtaining the maximum benefit from tourism for the country as a whole. Tourism's development requires directly and indirectly, the provision of various kinds of infrastructure and super-structure as well as agricultural and industrial activities to support tourist expansion. The development of tourism must, as has been argued for, be related to Turkey's overall planning of development.

On the other hand, the objective of this chapter is by no means to produce a balance sheet of tourism's costs and benefits appropriately qualified and weighted. In view of the severe limitations of availability of information on the subject, various aspects of the following analysis are seriously impared by the lack of appropriate data on tourism, and hence the accuracy of the conclusions reached is limited.

It is hoped, however, that this work will serve to improve understanding of the tourist industry and its impact on economic development in Turkey, and will stimulate more research in this neglected area of the Turkish economy.

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(1) OECD (1967), p.22.

8.2 Turkey's Tourism Product

According to the definition adopted earlier, Turkey's tourism product is an amalgam of tourist attractions, transport, accommodation, and of the environment which is mainly made up of tourism resources (natural and man-made) and tourism industry (infra and super-structure) forming the environment under the Turkish government policy.

The "quality" of the Turkish tourism product can, theoretically, be measured by positive or negative synergistic effects arising from the total operation of all tourist services, including the image of the country. The composition of the tourism product must however, be based on the concept of "comprehensive advantage", in other words the tourism product of Turkey can be modified on the basis of relative importance or weight of a certain type of resources which would provide the greatest promotional and investment synergy. Promotional synergy: where a tourist product can benefit from the promoted image of a tourist region as far as the components of this product are compatible with that image. Investment synergy: where, within the region, the production of tourist services benefit from the compatibility of investments in a region, i.e. from the synergy arising from the "complementarity" of services produced.[2] The nature of competing domestic and foreign tourism products, and objectives of developers (e.g. restricting tourist flows, maximising foreign exchange, etc) may be other principles in the selection of a tourism product.

The competitive situation in world "sunlust" markets enhances the need for Turkey to promote its historic heritage to foreign potential markets; thus man-made resources serving "wanderlust" tourism seem to be the inevitable choice for Turkey's tourism product in the short term because of the following considerations.

8.2.1 Tourism Resources

Tourism resources in Turkey include a wide range of tourist attractions such as climate, land formation, water, vegetation, health (natural resources), historical monuments, ruins and remains of past civilisations,

(2) Aslanyürek (1978), p.23.

museums, religious edifices and sandy beaches (man-made resources).

Turkey's first advantage in tourism resources is its geographical position which determines its desirable climate. Physical aspects of the country described in Chapter 6 are reminders of Turkey's geographical situation primarily as a peninsula enabling Turkey to become a potential "sunlust" tourism destination. Antalya, Alanya, Bodrum, Fethiye, İskenderun, İzmir and their environs on the Mediterranean and Aegean coasts offer tourists a long swimming season from May until September. The soft and fine sand on these beaches has healing qualities for rheumatism, and the bone defficiencies of small children. There are also over 1,000 resorts in Turkey with healing mineral water springs containing bicarbonates, sulphur, sulphate and chloride which are claimed to have cured rheumatism, sciatica, gynaecological problems, kidney and even psychiatric problems.(3) Touristic investments are concentrated on these resorts which are situated in forests or on picturesque mountains where the air is particularly pure and refreshing.

One of the most important health spa centres in Turkey is Bursa, where there are historic Ottoman baths as well as baths in modern hotels and where treatments are supervised by doctors. Unfortunately, although this town ranks fourth out of 65 touristic areas of attractiveness in Turkey,(4) it receives a very limited number of tourists and is still not developed up to foreign tourists' expectations and standards. (See also Appendix 7.4). Also in the same region (Marmara) there are the famous spas of Yalova and Gönen. Just West of İzmir is the beautiful seaside resort and spa health resort of Çeşme and a spa town of particular interest is Pamukkale, near Denizli in the Aegean region where the spring waters have formed a fantastic white calcified Cascade, attractive to all visitors.

The afore-mentioned land features of Turkey mainly lakesides, plains and camping resorts on forested hills providing recreational facilities for tourists including sports such as fishing, skiing and mountaineering are ideal places "to get away from it all".

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(3) İzbirak (1976), p.215.

(4) Gearing, Swart and Var (1973), p.7.

Turkey's ski centres possess the comparative advantage of uncrowded slopes and the following centres are easily reached via Turkish airline domestic flights.

ULUDAĞ (Mt. Olympus): 36 km. south of Bursa on the slopes of this magnificent 2,543 m. pine clad mountain is Turkey's major ski resort, which can be reached by road or by cable car from Bursa. The touristic skiing season is from the 15th of December to the 1st of May; there are slalom and giant slalom courses approved by the Interntional Ski Federation and there are three chair-lifts and three ski-lifts. There are also multilingual instructors and equipment for hire. The total accommodation capacity is about 1,500 beds and all hotels have après - ski facilities.

SAKLIKENT: is situated 42 km. from Antalya. This new resort has a 2,500 bed capacity in pension chalets and an hotel with accommodation for 200 people in addition to Olympic standard slalom and giant slalom courses. The resort is particularly attractive as from March to April one can ski in the morning and bathe in the warm waters of the Mediterranean in the afternoon.

ERZURUM: is a ski centre 6 km. from the city with some of the largest and most difficult courses in Turkey. There are accommodation facilities of 100 beds at the centre and also accommodation facilities in the province of Erzurum itself.

Besides this there are numerous caves and caverns in Turkey which have natural healing qualities and are of interest to tourists. The Damlataş Cavern for example, in Antalya is known to cure asthma.

Volcanic features appear in unique forms in Turkey. The Nemrut crater lake is considered one of nature's wonders and is situated west of Lake Van, on Mount Nemrut (3,000 m). The shores of this lake are covered with "obsidians" and "bimsteins" which reflect sun beams in various colours. There are 50 volcanic cones between İzmir and Uşak that appear in unusual forms in western Turkey as well. Ürgüp and Göreme have a world wide reputation for their "fairy chimneys", strange and fascinating features caused by erosion. A few hundred yards from the coasts of the Black Sea, in what is known as the "tea region" numerous rare kinds of plants and flora grow together. Such areas are preserved as national parks.

Apart from Turkey's numerous natural resources which can be considered the country's main tourist attraction, there exists also the historical element of man-made resources. Turkey is one of the few countries offering unexplored parts, unpolluted shores and places of historic value in abundance.

Historical findings date back to 5,000 years ago and Turkish museums display a rich collection of historical and ancient works. The major museums of Turkey are in İstanbul, Ankara and İzmir. In almost all parts of Turkey, there are traces of ancient Greek and Roman civilisation, especially in the Aegean and Mediterranean regions. The historic city of Ephesus, south of İzmir is of interest to the tourist, as is the prehistoric settlement of Pergamum. There are ruins of temples and theatres at Antalya, and in Anatolia there are remains which prove that it has been the land of the Turks for centuries.

A cultural heritage of fifteen different civilisations, with thousands of historical sites, the most ancient of which is the world's first urban settlement, Çatalhöyük, dating back to 6500 B.C. Furthermore, specific historical attractions for tourists are found in most Turkish cities such as palaces, mosques, vaults, tombs, fountains, aquaducts, bridges, baths and covered bazaars. İstanbul in particular is one of the most attractive tourist centres of the world. None of these resources, however, constitute a sufficient basis for the development of a "saleable" tourism product without an adequate infrastructure.

8.2.2 Basic Infrastructure

Certain kinds of infrastructure are generally considered as an essential part of the supply of tourist services, and any government involved in a programme of tourism development is committed from the very beginning to the provision and upgrading of the infrastructure essential for tourist exploitation.

With regard to general infrastructure, where tourism is only a marginal user, the main items (such as electricity, water supply and sewage, public transport, communications, public roads and airports) are supplied by a whole series of ministries, local authorities and public corporations which are only secondarily preoccupied with tourism. Because of the huge costs involved constituting the heaviest burden on the government, administrative co-ordination in this field is most desirable to avoid duplication of effort and ensure optimum utilisation of public utilitites.

It has been noted that the majority of tourists coming into Turkey stay in certain regions, particularly İstanbul. The state of the general infrastructure in the big cities like İstanbul, İzmir and Ankara is very serious and indeed has reached the verge of breakdown. The reasons for this are mainly that:

(i) The development process especially after 1960 resulted in the too rapid growth of some regions, particularly the metropolitan zones with the consequent aforementioned immigration of population from rural to urban regions. Efforts undertaken to enlarge the pre-existing general infrastructure clearly did not cope with the rapid flow of rural immigrants.

(ii) Regional development policies to spread development have been far from satisfactory.

(iii) There have been insufficient funds allocated to general infrastructure in recent years, mainly because of the severe economic depression and of the high priority given to defence.

The scale of the problems that emerged in these metropolitan areas have necessitated a special planning approach. Thus, at an intermediate level between regional and local urban plans, special Metropolitan Planning Bureaux have been established and attached to the Ministry of Reconstruction and Resettlement. Tourism and recreational problems are therefore being handled together with other sectoral problems such as industry, housing, education, health, transportation, etc. Within these plans an attempt is being made to identify tourism and recreational areas with special emphasis on the İstanbul Metropolitan Area as it is the biggest industrial and urban centre of the country, thus creating great pressure on the Marmara Coast, an area of importance for national tourism.(5) Although this aspect of the region necessitates an integrated approach to infrastructure for tourism and recreational problems within the framework of comprehensive planning, such an approach is also vital for the Aegean region, (which has the second largest area of national industrial concentration), and tourist region, namely İzmir.

While Turkey has a number of holiday resorts on the Mediterranean and Aegean coasts, infrastructure in and around these resorts is not generally up to international standards and they are mostly used by domestic tourists. The reasons for the inadequacy of tourist amenities are to be found mainly in the composition of the market and type of tourists visiting Turkey. For most tourists, particularly Western tourists, the image of Turkey as a possible tourist destination country is as revealed, based on the country's historical and cultural heritage and hence sightseeing. On the other hand, because of the relatively low per capita income of residents, there is little demand from them for expensive or "luxurious" coastline vacations which would mean not only high quality beaches but also other recreation activities such as are provided by sports grounds, fishing facilities, under-water sports, sailing and rambling, indoor and outdoor swimming pools etc. As long as there is no sufficient and effective demand from foreign visitors for beach holidays in Turkey, the demand of the relatively "wealthy minority" is not sufficient to produce locally the more "specialised" range of services which tourists demand.

The strengthening of a country's economic infrastructure with regard to transport and communications, the supply of water and electric power and the provision of health, education and other public services, such as sewage disposal, is frequently a priority task in development planning. The infrastructure provides the services which are indispensible to the progress of tourism no less than to that of industry, agriculture and other sectors.

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(5) Ersek and Düzgünoğlu (1976), p.70.

On the whole, in countries like Turkey where tourism consists largely of sightseeing, involving mainly stays in the main urban centres and visits from them, there is little demand for a specially tourist infrastructure. Visitors can, therefore, use the services available to the resident population, including quite often the existing transport services connecting towns and places of special interest. Thus, as may be seen from the UNCTAD secretariat's studies in Greece, Mexico and Israel, the improvements were made in the general infrastructure to provide general support to the economy which also helped tourism. This also applies to Turkey, with its rapid urbanisation in particular.

The most obvious case of an infrastructure designed specifically for tourism is that connected with the comprehensive tourist development of a particular zone or region, built up around a coastal strip or other natural asset that has remained virtually unexplained. In such cases, the public authorities generally undertake all the necessary capital works in connection with the establishment of one or several resorts, including the main system for water and electricity and the provision of both internal and access roads and other means of communication as a prelude to investment in hotels and other amenities by private or public developers. In Morocco, for example, a number of areas (such as Agadir and the Bay of Tangier) have been designated to tourism and the necessary public works are carried out under the auspices of specially constituted public entities responsible for the over-all development. In the same way, certain areas have been selected for tourist development with the requisite infrastructure in Algeria and Tunisia, and development corporations were established in Israel for certain regions, with a view to providing the basic infrastructure for promoting tourism.(6)

Similarly in Turkey the tourism development region was determined by the government decree number 6/12209, as the coastal area extending from the Çanakkale-Balikesir province border to the Antalya-İçel province border where investments for construction of tourist installations are to be made in harmony with the infra-

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(6) UNCTAD (1973), p.52.

structural investments by the Ministry of Tourism and Information in co-operation with the Ministry of Reconstruction and Resettlement.

8.2.3 Transport

Tourism is about being elsewhere, and a major component of any tourism product must necessarily be an element of transportation which relates to the mode of transport to the destination by the tourist. Tourism resources of whatever kind would be of little value if their locations were inaccessible by normal means of transport. Accessibility which enables travellers to reach their destination is therefore a function of transport and communication and determines whether a country will succeed in attracting foreign visitors. Physical isolation and inadequate transport facilities are clearly, handicaps to tourism. The North-Western Highlands of Scotland, for example, possess much grander scenery than the Grampians, but relatively few tourists in Scotland go beyond the Caledonian Canal,[(7)] and it is well known that the lack of good roads (often the lack of any motorable highways) discourages many holiday makers from touring Yugoslavia. Similarly many regions in Turkey principally Mediterranean, are particularly suitable for tourism and touristic development, but poor accessibility usually prevents the full utilisation of their resources.

Investment in transport infrastructure for tourism, which may easily absorb a large share of the total investment devoted to tourism, deserves special consideration and is made by the public authorities in Turkey as in many developing countries. Although it is frequently assumed that all transport improvements stimulate economic development, the sad truth is that some do not, and that even some of those which do may not be economically justified, in the sense that there may be better investment opportunities. This is why important provisions were introduced by the Fourth Five-year Plan in Turkey with a view to changing from road transportation to other systems which will possibly be carried out by the new regime. All the programmes, plans and basic policies prepared in Turkey are, therefore, aimed towards the establishment of a system which will minimise the cost to the country. Each project must, however, be investigated individually

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(7) Robinson (1976), p.47.

and no helpful generalisations appear possible at this stage until more research in Turkey may show that it will be realised.[8] Generally speaking, the most significant distinctions in transport are between public and private, domestic and international, air and surface and, of course, between the various modes. Of these recent years the aircraft has been the fastest growing means of tourist transport, especially for long-distance. There are a number of striking examples of cases where the opening of a new transport facility such as an airport or a road etc., has fostered tourism within a few years from completion of the project. In Greece, for example, following the improvement of the airport at Kos in the Aegean to handle international flights in 1975, there was a marked increase in the number of tourists arriving on the island utilising mainly air charter flights whose numbers increased by more than ten fold from 4,000 in 1975 to more than 43,000 in 1978.[9] Although a certain percentage of these tourists would perhaps have arrived by other means, a large percentage is attributable to "improved accessibility" in terms of improvement in the tourism product.

8.2.3.1 Air Transport

Air transport is becoming an increasingly important and for many developing countries, the pre-dominant means of carrying tourists to their destination. With the further development of inclusive tours and the introduction of new high-capacity aircraft, this shift in favour of air travel may be expected to continue, and forecasts tend to be optimistic concerning the 1980's as shown by the conclusion of a study conducted by the Western European Airports Association on traffic prospects for major airports in twelve European Countries.[10] This will require the expansion and modernisation of airports, terminal buildings, runways and other facilities in order to handle efficiently

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(8) For a useful discussion on economic evaluation of transport projects; see Adler (1966)

(9) Statistics of the National Tourist Organisation of Greece, 1979

(10) The forecasts show an average rate of growth of 7.8% between 1976-1990, indicating that there is still a strong and growing demand for air travel in Western Europe from where Turkey's tourists mostly come. See WEEA (1976)

both passengers and baggage in tourist receiving countries, particularly in Turkey if the share in the international tourism market is to be increased.

As the experience of various touristically developed countries shows, regional airports have had to be built and expanded or improved in order to cope with the growth of charter and other services and they have been essential for the further development of tourism to these regions - to cite only a few examples - in Greece, to such places as Rhodes and Crete, and to other islands or districts distant from Athens; in Yugoslavia, to Zagreb, Dubrovnik and other places near or along the Adriatic coast; in Tunisia to the island of Djerba; in Mexico to Acapulco.(11) Similarly, the fast growth of tourism to the Balearic islands could not have occurred without the direct flights from other countries to the airports on Majorca and Ibiza. Nor could the Spanish Costa del Sol have developed so fast without the airport of Malaga, which was recently expanded.

Although the Turkish tourist authorities have recognised the need for modernising and enlarging the existing airports, there is still considerable room for improvement for both airports and air transport within the existing touristic regions. Turkey, like virtually every country, has a national flag carrier (THY) in which British Airways have interest, and possesses three International airports at İstanbul (Yeşilköy), Ankara (Esenboğa) and İzmir (Çiğli). Turkish and most international airlines have daily flights from various European and Middle Eastern cities to İstanbul's international airport. Services to Ankara and İzmir are less frequent, but there are THY connecting flights. THY also provides an important network of domestic flights from the international airports of İstanbul, Ankara and İzmir to all of the major Turkish cities as the only airline distributing tourists within Turkey. Appropriate measures should nevertheless, be taken without delay to promote efficiency and improve the standard of services provided by THY, especially on the internal flights. As the national airline, they are competing with international carriers in their flights from Europe and the Middle East and are frequently

(11) UNCTAD (1973), p.54.

subject to criticism by tour groups being delayed, their group split between different schedules and the like. Although Turkish Airlines seem to be operating efficiently, it is operations-oriented; not marketing - oriented. There are also other constraints such as lack of equipment, trained contact personnel, lack of sophisticated inventory control.(12) In this it is necessary for the Turkish Government to help THY to become a strong national airline, performing its function as part of the total physical distribution system in the marketing of Turkey's tourism product. In addition, the standard of services in the existing airports should be desperately improved as observed by the researcher, since airports form the tourist's initial impression of the country visited.

8.2.3.2 Sea Transport

By contrast, shipping, which provides transport coverage for all distances including movement at the destination, has come to play a more prominent role on short sea routes and waterways, and also for cruises in international and domestic tourism. Europe (once the main generator of transatlantic sea traffic) has proved to be a fertile place for the development of ferry traffic, due to its heavily indented coastline (e.g. the Baltic and the Adriatic), its large off-shore islands (e.g. Crete, Sicily and the U.K.), and its higher level of car ownership. In the summer of 1979, for example, there were between two and three hundred ferry services operating in Europe, mostly using conventional roll-on-roll-off vessels, but with hovercraft (air cushion, ground effect) and hydrofoils also in service.(13) Cruising on the other hand seems to attract continuing interest. The Caribbean and the Mediterranean cater for the "sunlust" of the industrialised populations that lie to the north. In the Pacific also, there remains a demand from Australia, Japan, and California for cruising. The main challenge to the cruising companies is to bring their prices down to a level more comparable with that of the air inclusive tour. Granted that cruising will always attract a limited market, the cruise operator is faced with the marketing problem of engaging the attention of a very small number of people

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(12) Egan (1972), p.31.
(13) Burkart and Medlik (1981), p.116.

in each country. Allied to this is the problem of getting the passengers to the ship, which cannot (as used to be the case) pursue a long itinerary around North European ports to pick up passengers. The use of air services to feed passengers to the ship is vital, and today there could be no cruising without adequate air services.

With respect to Turkey, the Turkish Maritime Lines have regular services from Ancona, Barcelona, Famagusta, Marseille, Naples, Piraeus, Tripoli and Venice to the Turkish ports of İstanbul, İzmir and Kuşadasi. Also several foreign shipping companies such as the Adriatica Lines and The Black Sea Lines have regular services to these Turkish ports from Mediterranean ports. The Turkish Maritime Lines' car ferry "İstanbul", sails from Venice to İzmir and back every week from the beginning of May to the end of September. The luxury ferryboat "Truva" which operates from the beginning of March to the end of October also leaves Venice calling at Brindisi, and arriving at İzmir in four days, enabling tourists to enjoy the Mediterranean. Another Turkish ferryboat, "Yeşil Ada" sails on the Mersin-Cyprus-Beirut route. The Turkish Maritime Lines also run several services within Turkey along the coasts of the Black Sea, the Aegean and the Mediterranean, providing excellent opportunities for sightseeing, and enabling tourists to discover some of nature's most beautiful spots. The ports of call are as follows:[14]
Black Sea Line (Hopad Line): İstanbul- Zonguldak İnebolu - Sinop - Samsun - Ordu - Giresun - Trabzon - Rize - Hopa.
Mediterranean Line (İskenderun Line): İstanbul - Çanakkale - İzmir - Kuşadasi - Bodrum - Marmaris - Fethiye - Finike - Antalya - Alanya - Mersin - İskenderun.
In addition, boats sailing in the Marmara Sea give travellers the opportunity to see the surrounding scenery as well as the beautiful Marmara Islands (Avşa, Ekinlik, Marmara). The ferry boat service in İstanbul is extremely frequent and there is also a boat between Çanakkale and Eceabat every half hour. In addition, the ferry boat service linking Kartal on the Anatolian side of the Marmara with its southern shore in Yalova, enables motorists coming from İstanbul, to take a short cut into Anatolia.

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(14) MTI (1972)

Despite the positive picture outlined above, it is evident and accepted by the authorities that sea transport services and their standards are far from satisfactory and considering the fact that Turkey is a peninsula surrounded by sea, this field has not been utilised to the full compared with her neighbours who attract many tourists and gain a considerable amount of foreign exchange by this means of transport.(15)

On the other hand, the popularity of sea cruises in the Mediterranean is constantly bringing larger numbers of excursionists and other visitors who spend time in the port vicinity or on inland excursions, probably returning to the ship for overnight accommodation. This is of particular importance to Turkey as 38 per cent of her tourist arrivals are by sea and accommodation facilities are inadequate.

8.2.3.3 Rail Transport

In general, rail represents short and medium - distance transport within and between countries, both in reaching a destination and in movement at the destination; in some mountain locations it forms the only means of access. The use of the train as a mode of transport for tourism purposes depends on a rail service still being supplied and all countries including Turkey with developed rail systems subsidize their rail services heavily.

Of the major modes of transport, it is perhaps in the field of rail transport that technology has developed significantly since the 1970's. Although trains still run on metal rails, many other things have changed: speeds in excess of 100 mph. are commonly achieved across the European passenger network. More significantly, much of the European track-mileage is electrified and therefore does not depend on a specific energy source (as does aircraft), but merely upon any convenient and cheap source of energy that can be used for electricity generation.(16) In spite of these it is too optimistic to anticipate a significant growth in rail travel for tourism purposes in the 1980's due to increased competition coming from road and air transport.

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(15) DPT/SPO (1977), p. 42.
(16) Such a source could be conventional (oil, coal, or hydro-electric) but could also be based on nuclear or even wave power; see Shackleford (1979), p.38.

Although tourist arrivals to Turkey by rail, as mentioned in the previous chapter, constitute a very moderate percentage of total arrivals, the following are the main rail connections linking Turkey with Europe and the Middle East.

1. Direct "Orient and Marmara Express": London - Paris - Lausanne - Milan - Belgrade - Sofia - İstanbul.
2. Balkan Express: Vienna - Zagreb - Sofia - İstanbul.
3. İstanbul Express: Munich - Belgrade - Sofia - İstanbul.
4. Danube Express: Moscow - Kiev - Bucharest - Sofia - İstanbul.
5. Toros Express: Baghdad - Aleppo - Adana - Ankara - İstanbul.
6. Tehran - Van - İstanbul.
7. Athens - Salonika - İstanbul.

At present, all railway services in Turkey are operated by the State Railway Organisation (TCDD) which has its headquarters in the capital city of Ankara and is headed by a General Directorate. Subordinate to this are the various management directorates located in the larger towns and cities of Turkey.

Railway policy in Turkey began to gain power along with the proclamation of the Republic. From 1927 onwards, Turkey's railroads began to expand. The foreign owned railway companies were nationalised and new lines constructed by the state. The existing length of railway lines in Turkey is about 2,000 km. Modernisation of communication systems has improved railway transportation for travellers within Turkey. It has also helped to increase the average speed of trains, to avoid delays and to organise co-operation between operation directorates. The trains of TCDD have "wagon-lits", "couchettes" and restaurant cars and first class corresponds to its European equivalent, but services including express trains are relatively slow and unreliable compared with Europe.

Most European railways, particularly British, have achieved significant developments in improving the speed and service product diversification and have considerably contributed to tourism by using brand names such as "Inter-city", "Stardust", "Winter break" (rail + hotel), "Interlink" (rail + ferry + hotel + bus service product package). Apart from all these services, the British

Railways Board operates a vast and complex business with a turnover of over £3mn. a day (1977), incorporating an engineering construction and repair organisation, a hotel chain, a property company, British transport advertising, research and technical consultancy, as well as shop centres and a shipping line; under the brand name of "Sealink," offering a quality service product to domestic and international tourists.[17]

To cover the losses and improve the service product, Turkish Railways must reorganise itself and diversify the service product. This is necessary in order to reduce the risk of over-dependence on any given market. Further, revenue operating touristic services like hotels, restaurants and shopping centres should be introduced under the name of rail services so that sales promotion can be introduced through advertising, as has been regularly and successfully done in the U.K.

8.2.3.4 Road Transport

Despite restrictions on the use of private motor vehicles for leisure and tourism purposes following the energy crisis in the 1970's the importance of road transport for international tourism is naturally greatest for receiving countries. The motor car has revolutionised holiday habits, bringing greater freedom to recreational travel in the choice of destination and the timing of journeys.[18] It can be expected that the car will continue to share with air travel the distinction of being a principal means of transport in the tourist product of many countries and of Turkey in particular as most tourists to Turkey still travel there by road.

The tourist traffic is incidental to the carriage of goods and people, in connection with agricultural, industrial, commercial and other activities. Similarly, new or up-graded roads intended to promote the economic developments of regions which have been handicapped by poor communications may be justified partly by reason of the contribution they will make to the spread of tourism, together with their contribution to other activities. On the other hand,

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(17) Akat (1977)
(18) Patmore (1970), p.28.

where a virtually new region is being developed for tourism, as in south-west Turkey, the construction of connecting roads is an essential prerequisite. Although the main emphasis in the Second Turkish Development Plan (1968-1972) was on the general highway system and on village roads, importance was attached to roads in the south-west for the promotion of tourism. In fact, whenever a region is highly dependent on tourism and most visitors come by car, major highways within the region become essential to its further development.

In order that the tourist be mobile and free to travel easily and comfortably within Turkey, more attention has been paid to roads, road transportation and facilities around them. Roads in Turkey are in reasonably good condition and along the main highways there are frequent petrol stations, motels, restaurants and cafeterias although not in line with international standards. The 25,000 km. of asphalt highways are well maintained and easy to drive on. The roads denoted as "stablised" are of gravel chippings laid ready for asphalt.

Coming from Europe, the crossing of the Bhosphorus to Asia has been greatly speeded up by the completion of the İstanbul by-pass and the Bhosphorous Bridge, leading to the İstanbul-İzmir express road. The three great axis roads traversing Turkey are those to Syria and the Lebanon (E -5), Iraq (E - 24) and Iran (E - 23). In winter certain passes, such as the "Tahir Pass" (2,475 m) between Erzurum and Ağri, and the "Kopdaği Pass" (2,390 m) between Trabzon and Erzurum are sometimes closed due to heavy snowfalls.

There are regular bus services to İstanbul from the main European cities and within Turkey many private coach companies provide frequent, day and night services between all Turkish cities. There are also travel agencies in İstanbul, Ankara, İzmir, and all major resorts, which organise half-day, one-day and weekly sight-seeing tours to interesting sites in the region.

One of the most important features of Turkish transport as a whole is that the country has adopted and developed a system based on road transportation which has a very high consumption of energy. The critical energy situation seriously influences not only the transportation system but also transportation volumes, which in turn brings major changes and variations in price from which the tourist industry and indeed the whole economy suffers. For this reason, a change in the country's transport system is, as mentioned, made a principle of policy. According to this policy, the growing transportation requirements, accelerated by domestic and international tourism, will be met in future not through road transport but through the construction of new railways and the introduction of maritime services. In order to ensure this, the Fourth Five-Year Plan (which was thought to be implemented by the new regime after a transit period) suggests investment increases in the railways and in maritime services and aims to reduce all highway services excluding those which are vital. Taking into consideration the principles of the "free market economy" which prevails in Turkey, a policy of introducing the economic conditions will necessitate such changes through legislation. Furthermore, it is not asserted that road transportation is unnecessary for Turkey, but it is being stressed that developing highways will be used as a feeder for this new system.[19] Consequently large amounts were allocated to railway investments in the Fourth Five-year Plan which was approved in 1978 and which began to be implemented in 1979; similarly, high-level decisions were taken for the implementation of measures with a view to encouraging railway transportation.

On the other hand there are symptoms (although uninformed) that Turkey is also putting emphasis on air transport through licensing private companies in order to set up a chartered airline network to operate domestically and internationally, after the first private airline company: Bursa Airways.[20] It has also opened an international airport at Dalaman in the South West, designed to attract tour operators to the country's Aegean and Mediterranean coasts.

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(19) ECMT (1980), pp. 13-22.
(20) Hürriyet (Turkish Daily Newspaper), 11th Sept. 1980.

8.2.4 Accommodation Facilities

No matter what a country's tourism potential is and how well it is exploited and publicised, tourism (other than excursionist travel and passenger cruises) cannot grow unless there is an adequate supply of accommodation suitably adapted to the requirements of the market. It is, therefore, one of the more important aspects of the tourism product. The experiences of countries which have witnessed a rapid growth of tourism suggest that shortages of accommodation are a more critical constraint on the growth of tourism than are shortcomings of infrastructure.[21]

The demand for accommodation of tourists away from home is met by a variety of facilities ranging from hotels, guest-houses and boarding-houses to private homes, and from holiday camps and centres to caravan and camping sites, spas, motels and holiday villages for which there is not yet a universally recognised terminology, as to which is "professional" and which is "supplementary" accommodation.

In recent years, and particularly since 1963 when a national plan was devised and carried out by the Ministry of Tourism and Information, Turkey has made a considerable effort in the field of hotel development. It must be stressed, however, that hotel establishments are unequally distributed throughout the country.

There are two zones, one where tourism is of primary function in the region, and another where it is only just beginning to be developed. The first zone includes the three main cities of İstanbul, Ankara and İzmir, the environs of İstanbul (coast of the sea of Marmara), Bursa, all of the Aegean coast (from Çanakkale to Fethiye), the Mediterranean coast (Antalya, Side, Alanya, Mersin and Adana), and certain other eminently touristic sites and regions such as Cappodocia, Konya and Pamukkale.[22] In these main regions the quality of hotel accommodation is satisfactory and is constantly developing especially in İstanbul, Ankara, and İzmir where there are some grand, palace-like luxuries hotels. In the rural and more remote areas, however, the number of hotels corresponding to western standards is fairly limited.

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(21) UNCTAD (1973), p.53.
(22) Ministry of Tourism and Information

In the east of Turkey, outside the principal towns there are small hotels offering only the basic facilities.

A certain number of the hotels throughout the country are registered with the Ministry of Tourism and Information, which means that they abide by certain regulations and standards of facilities, and these are given the name "touristic"; they offer a guarantee of comfort and cleanliness. There are other establishments registered with local authorities and these too, correspond to a certain standard as regards facilities and services.

At the sea-side resorts and tourist centres of the Mediterranean and Aegean coasts, there are a number of motels which generally offer satisfactory facilities (restaurants, private beaches, and all motoring facilities), and also some holiday villages of large capacity and high standing.

There are still very few "pensions" in Turkey and private lodging with families is uncommon and at any rate, never organised, for it would be difficult to find a Turk who could be accused of being inhospitable.

In the sphere of self-catering accommodation, the camping grounds registered with the Ministry of Tourism and Information are still few in number, but they are all situated on the principal routes near towns and tourist centres.

8.2.4.1 Touristic Capacity

The concept of holidays for all, which has spread through all social groups in the world in general and in the OECD area in particular, has helped to broaden the market for tourist accommodation. The process of adapting this to different market segments of tourists is a complex matter. The demand of each segment, moreover, fluctuates according to the season of the year, the purpose of holiday and various other factors.

With regard to accommodation capacity in Turkey, there is a great deal of confusion in the available published data (national and international) concerning the number of hotels or units and beds of "professional" and "supplementary accommodation" and their grades.

Although the total number of beds at hotels and similar establishments increased considerably in the late 1960's from 130,037 (111,976 in hotels) in 1968 to 195,000 (no breakdown) in 1970. Whatever the figures, it is clear that there was a marked increase in the 1960's, since only a mere 41,878 hotel beds were available in 1964.(23) It must, however, be strongly emphasized that not all beds available in the accommodation sector are suitable for tourists. According to the Ministry's inventory in 1975, for example, out of 258,369 beds in the whole country only 42,000 were in "registered establishments" which offered "approved" standards of accommodation at different grades.(24) It would, therefore, be more meaningful not to take into consideration the entire bed capacity but those approved by the Ministry of Tourism and Information, although not all of these are up to international standards.

As shown in Table 8.1, despite the trippling of total bed capacity since 1964, there has been some doubt in official circles whether supply has really managed to meet demand. Much of the doubt is attributable to the fact that the supply position in Turkey is rather uncertain. In general, the current supply position is contrasted with the projections of plans whose targets have been rather too ambitious. In the Second Plan Period, for example, projections were aiming at obtaining a total capacity of almost 192,000 beds by 1972(25) but in reality there were about 35,000 beds.

In the 1960's, during the First Plan Period, bed capacity fluctuated from year to year and did not increase at the end of the period at all. In fact, there was a substantial decrease in bed numbers supplied by hotels, almost by half from 29.7 thousand to 16.6 thousand which

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(23) E I U, "National Report No. 3"
(24) Including Hotels, Motels, "Pensions", Holiday Villages, Camping sites and others (Inns, spas, Public Guesthouses); Ministry of Tourism and Information (1976), Publication No.3/76.
(25) MTI (1967), p. 11.

partly explains the low number of tourist arrivals in the 1960's. The late 1960's, with the beginning of the Second Plan Period, however, witnessed an annual increase of 5.1 per cent in the total bed capacity much of which was in "supplementary" accommodation establishments such as motels, camping and caravan sites and holiday villages, concentrated in the Marmara and Aegean region. The hotel boom in the late 1960's (during Second Plan Period) attracted capital from some of the major pension funds (civil service, army etc.) and luxury hotels were their favourite investment. A number of joint foreign and Turkish groups were also involved in ventures, such as the German link with Koç, the largest private combine in Turkey.

Given the lack of managerial sophistication and trained personnel in the hotel sector, it is not surprising to note that considerable investment went into other accommodation establishments. The bed capacity supplied by these establishments increased tremendously in the 1960's. For motels the increase was 32.6 per cent annually and for "others" particularly camping and caravan sites, it increased by 150 times. This tends to diminish the need for trained staff and also overcomes the problem of the very short season.

In the 1970's, the total bed capacity in Turkey increased by 4.8 per cent annually from 33,536 in 1970 to about 54,000 in 1979. These figures compared with her main competitors were, however, of little importance in magnitude. In 1974, for example, when Turkey supplied tourists with 40,000 beds; Greece, Yugoslavia, Spain and Italy had a bed capaicty of no less than 175, 230, 902 and 1,475 thousands respectively.[26] During the last decade which included the Third Development Plan and transit period, bed capacity in hotels increased more than in the "others" group and reached almost 35,000 in 1979 from about 20,000 in 1970.

As a whole the examination of Table 8.1 clearly reveals that despite the increase in bed capacity provided by hotels, main emphasis has

(26) ECE (1976)

Table 8.1 Bed Capacity in Registered Accommodation Establishments in Turkey, 1963-1979

	Hotels	Motels	Others*	Total
First Planned Period ***				
1963	-	-	-	-
1964	18,321	1,028	38	19,387
1965	14,671	1,169	149	15,989
1966	29,727	2,045	151	31,923
1967	16,657	1,674	714	19,045
Second Planned Period				
1968	16,155	5,843	5,120	27,118
1969	18,127	7,134	6,053	31,314
1970	20,388	7,428	5,720	33,536
1971	20,388	7,428	5,720	33,536
1972	21,960	7,433	5,473	34,830
Third Planned Period				
1973	22,217	7,535	4,911	34,663
1974	25,191	7,639	7,208	40,038
1975	26,433	7,981	8,035	42,449
1976	29,108	9,131	9,068	47,307
1977	32,005	9,225	9,149	50,379
1978	33,551	9,612	9,222	52,385
1979**	34,930	9,633	9,393	53,956
% Increase				
First Planned Period	(-)	13.0	(19 times)	-
Second Planned Period	6.3	4.9	(Fluctuated)	5.1
Third Planned Period	3.1	4.1	13.2	7.7
1964-1970	1.5	32.6	(150 times)	8.1
1970-1979	5.5	2.6	5.1	4.8
1964-1979	4.1	15.0	(247 times)	6.6

(*) Holiday villages, Inns, Pensions, Spas, Camping and Caravan sites.
(**) Provisional

SOURCE: B. Kongar, "Planli Dönemde Turizm Politikalari", DPT/SPO, Ankara, 1979.

(***) Figures must be regarded with care.

been on "supplementary" accommodation since 1964. Holiday villages in Turkey, for example, supplied tourists with 2,638 beds in 1968 and their capacity increased by 7.7 per cent annually, providing 5,560 beds in 1978.(27) The total supply of "tourist beds" in Turkey has nevertheless, been far from satisfactory. In 1979 for example, Yugoslavia, Greece, Spain and Italy had a bed capacity of 264, 266, 977 and 1,535 thousands respectively, as against Turkey's 54,000. (See also Appendices 8.1 and 8.2).

From the viewpoint of supply, moreover, an additional problem facing Turkey is caused by the rapid expansion of domestic tourism(28) which raises the possibility of the encroachment by domestic tourists on facilities of international standard.

8.2.4.2 Rate of Occupancy

An obvious indicator of the adequacy of accommodation capacity in any country is the average annual occupancy rate in hotel and similar accommodation. Unfortunatley such statistics are not complete for Turkey in the 1960's. Comparative figures relating to the late 1970's are, however, given in Table 8.2 and indicate that accommodation establishments in Turkey enjoy an annual occupancy rate almost as high as that of Spain (although not quite as high as that of Portugal) and higher than those of Ireland, Yugoslavia and England averaging 51 per cent between 1976 and 1979.

The general declining trend in the occupancy rate of Turkish tourist establishments is consistent with the trend in tourist arrivals during the late 1970's in Turkey. This is as mentioned, again a matter of marketing and is closely related to the seasonality problem and its extension as the volume of business determines the degree of utilisation of available facilities. Occupancy rate is therefore, of major significance in firms engaged in the accommodation sector which usually have a high fixed capital investment and high fixed operating costs. Hotels, motels, and holiday camps are particularly conscious of the

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(27) Kongar (1979), p.19.

(28) Domestic tourism in Turkey, including business travel and "others" increased by 8.4% during the 1960's from 1.5 mn., in 1960 to 3.1mn., in 1968; Akoğlu (1969), p.35 and, was predicted to increase by 10% annually in the 1970's; Marwick (1971)

Table 8.2 Annual Rates of Hotel Occupancy in Turkey and in Selected Countries, 1976-1979 (%)

Country	1976	1977	1978	1979	Average 1976-1979
Ireland BR	-	42.0	45.0	43.0	43.3
Portugal[1] BA	65.8	57.8	51.9	56.0	57.8
Spain B-	46.8	56.0	-	-	51.4
UK[2] BA	48.0	48.0	47.0	44.0	46.7
Turkey[3] BR	/57.6	53.3	46.3	47.1	51.0
Yugoslavia BR	45.0	-	-	-	45.0

SOURCE: OECD (1979) and (1980), pp. 179 and 171 respectively.

(-) not available (/) = change of coverage.

BA = Beds (B) / rooms available in opened establishments

BR = Beds (B) / rooms registered in registered establishments.

(1) Excluding boarding hosues and inns. Figures are based on the on-going sample survey (figures for 1977 have been revised).
(2) Figures apply to England only.
(3) Figures refer to bed occupancy rates registered in hotels, motels, boarding houses, inns, spas, holiday villages and camping sites.

importance of a high degree of capacity utilisation, which has a major bearing on profitability, and measures of utilisation are prominent in any examination of operation.

Although the tourist season in Turkey during the 1970's has lasted longer compared to the 1960's, economic depression had tremendous adverse effects on tourist prices in general and on accommodation prices in particular as shown in Table 8.3 which have been major contributors to the declining trend in the tourism industry of Turkey as a whole.

As the table clearly shows, hotel charges in Turkey were skyrocketing during the 1970's compared to other countries and showed an increase of almost 704 per cent over the 1970's prices which were the highest with inevitable effects. It must, however, be mentioned here that

Table 8.3 Trend of Touristic Prices in Turkey and Selected Countries in the 1970's, (in Per cent)

Average increase in consumer prices (CP), hotel charges (HC) and restaurant charges (RC)

Country		1972/71	1973/72	1974/73	1975/74	1976/75	1977/76	1978/77	1979/78	1979/70*
Austria[a]	CP	6.3	7.5	9.5	8.5	7.3	5.5	3.6	3.7	72.9
	HC	-	14.7	9.8	5.8	5.6	6.4	5.3	3.6	(87.7)
	RC	-	-	10.7	8.9	9.9	11.4	5.8	3.8	(118.0)
France	CP	5.9	7.3	13.7	11.7	9.6	9.4	9.1	10.7	120.5
	HC	6.5	8.0	9.4	11.7	11.1	9.2	8.9	13.4	123.6
	RC	7.8	12.2	15.0	13.4	13.1	12.4	11.7	12.7	171.8
Germany[b]	CP	5.5	6.9	7.0	6.0	4.5	3.9	2.6	4.1	55.8
	HC	6.5	5.5	6.3	4.7	4.1	5.5	7.4	7.1	70.4
	RC	6.7	6.8	6.1	5.6	4.9	5.6	5.6	5.1	66.1
Greece	CP	4.4	15.4	27.0	13.4	13.3	12.1	12.5	19.0	203.9
	HC	13.0	7.0	20.0	-	21.5	-	-	-	-
	RC	15.0	14.0	34.0	-	-	-	-	-	-
Italy	CP	5.6	10.4	19.4	17.2	16.6	18.6	12.2	14.8	205.1
	HC	13.9	11.2	12.7	25.6	20.8	15.5	16.4	19.0	272.5
	RC	10.4	19.1	23.4	19.0	22.1	16.4	14.3	17.3	399.9
Portugal[c]	CP	3.3	6.1	29.2	20.4	19.5	25.4	14.2	25.9	340.4
	HC	-	-	8.0	-	-	-	52.6	75.0	(602.0)
	RC	-	-	15.0	-	29.0	34.0	30.0	-	-
Spain[d]	CP	8.2	11.4	15.7	16.9	17.7	24.5	19.6	15.7	258.3
	HC	5.7	-	-	10-15	5-15	10-15	-	20-30	(200.0)
	RC	-	-	-	15-20	5-15	15-20	-	-	-
U.K.[e]	CP	6.8	8.3	16.0	24.1	17.8	14.7	8.3	13.4	202.5
	HC	8.3	20.5	15.3	18.7	22.9	19.2	27.7	21.3	343.8
	RC	9.7	19.1	19.4	22.7	19.7	18.0	11.3	16.4	285.3
Turkey	CP	13.0	16.6	18.6	20.1	10.8	34.7	45.3	58.7	651.2
	HC	20.0	20.0	20.0	30.0	30.0	30.0	54.0	25.0	703.9
	RC	-	-	20.0	-	-	-	-	-	-

SOURCE: OECD (1979,1980), "Tourism Policy and International Tourism in OECD Member Countries", Table V.8.

* Figures calculated on the basis of annual rates except figures in brackets which are supplied by OECD Member countries. Figures for some countries have been revised.

cont'd/

(a) Austria: Average increase in the tourism sector.

(b) Germany: Room including breakfast, year ending August.

(c) Portugal: Average increase of restaurant charges in Lisbon.

(d) Spain: Middle category.

(e) U.K.: In July 1974 VAT was reduced from 10% to 8% which resulted in prices rising about 1.8 % less than they would have done and; in June 1979 VAT was increased from 8% to 15% which resulted in prices rising about 6.5% more in the second half of 1979 than they would otherwise have done.

in the 1970's declining value of the Turkish pound against the world's major currency of the U.S. dollar was less than increases both in consumer prices and hotel charges. Between 1975 and 1979, for example, the dollar's value against the Turkish pound increased only 310 per cent from TL. 15.15 per dollar in 1975 to TL. 47.10 per dollar in 1979.(29) Although this is not sufficient enough to claim that Turkey was more expensive than other countries, it indicates that tourists were getting less for the Turkish Pound (Lira) thus less value for money in Turkey.

8.2.4.3 Main Problems

The problems of the accommodation sector, particularly those of hotels in Turkey, are complex and are worthy of investigation. On the one hand, there is the problem of the particular tourist market as in the case of Turkey, requiring medium-sized accommodation in hotels of international standard which may be built and managed by small private concerns or by a municipality but which do not manage to attract enough investment to provide sufficient bed capacity.(30)

The second problem is that despite the improvements in seasonality in the 1970's the tourist season is still short, concentrating on July and August. Although this provides a useful slack period for staff training (which is usually "on-the-job") and building, it means that the returns on investment and current expenditure must be made during a very short period, with consequent high charges.

On the other hand there are the problems associated with inadequate management and staff deficiencies, coupled with an uneasy relationship with foreign investment, both in terms of capital and management skills.

Lack of managerial skills is a common problem in all developing countries. Turkey, although in many respects at a higher level of development than many countries in this group, is no exception when it comes to management shortages, and this is all the more noticeable in a service industry such as tourism.

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(29) The Times, March 17 1982. See also Appendix 8.10.

(30) To gain an idea of costs and returns of state and private establishments in the 1960's, see Appendices 8.4 and 8.5.

Education and training for tourism has a comparatively short history in the context of general vocational and technical education activities in Turkey. Although several schools now exist for the study of tourism and for the training of hotel staff - some run by the Ministry of Tourism, and Education and some privately - they have been, from the point of view of quality of training, far from satisfactory and many more such schools are needed.(31) Although Turkey has established a Department of Tourism and Hotel Management at the University of Bosphorus offering a two year course with an intake of approximately 50 students per year to provide medium and top level management staff for tourism, the country's need for training in this sphere can in no way be satisfied by this.

Generally speaking, employees in the hotel and restaurant sector require more intensive training than those involved in material processes because they are in contact with a varied clientele and must understand their requirements. It therefore seems imperative for Turkey to speed development of tourism education at all levels to provide the necessary skilled labour and management force to aid production of a better quality tourism product, although such attempts to introduce accelerated training methods often give disastrous results, and may lead to the hotel trade in the country concerned acquiring a bad name. Often, however, there is no option. In this eventuality some of the shortcomings can be corrected by further training of staff during the off-season.(32) In Bursa, for example, staff recruited to work in hotels are generally students who are given "on-the-job" training out of working hours. The lack of staff with a foreign language skill remains one of the problems for hoteliers.(33)

Although in theory there are high rewards for the foreign investor (especially after the 1980 coup, see Appendix 8.3), in practice, little foreign capital has been introduced. Wages are lower and land, even in key areas, is cheaper than in most comparable situations elsewhere, but there are considerable drawbacks. Borrowing in Turkey can be a nightmare, with very high rates of interest due to an undeveloped capital market(34) and an unwillingness to look at long-term returns.

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(31) See Egan (1972), p.11 and Supplement "H"

(32) Erbes (1971)

(33) Observed from interviews in Bursa in 1980

(34) Although private bankers mushroomed early in 1980, most of whom went into bankruptcy and fled the country, existing ones are of little importance in magnitude and although financing by bonds is cheaper than borrowing from a bank, a company's bond-borrowing is limited by the formula capital plus reserves minus loss. See Financial Times, Sept 25, 1981

Besides, construction costs soar very high when it is considered that the length of construction is perhaps three times as long as in Western Europe due to a lack of planning and poor execution of contracts in the building industry.

Finally there has been a general attitude of fear and mistrust of foreign capital and management. This is not because of an inhospitable attitude by the Turks themselves, but a weariness which is the result of very long negative experiences with foreigners, a situation which the new regime is trying to eliminate.

8.2.5 Catering, Entertainment and Handicrafts

Although it is difficult to estimate the existing capacity of restaurants, entertainment places and public shops eligible for tourism in Turkey, the supply of these tourist places is not inadequate but further development is required at an international standard.

In general, there is a large choice of restaurants in Turkey, from the high class, usu ally in luxury hotels to the small popular restaurants which offer simple dishes at moderate prices. Turkish cuisine has always been a pleasant surprise for the visitor, due to the superb variety and freshness of the fruit, vegetables, meat and fish used. The cuisine is an essential part of Turkish culture, as is the religion and folk traditions which are all of interest to the tourist. These features of the Turkish way of life can be seen everywhere in Turkey, but moreso in the larger towns and cities where the bazaars attract many tourists. As a result, self-service restaurants are still rather scarce in the country. Self-service restaurants should be increased in number, since they have proved to be favoured by many tourists who are in a hurry and have language difficulties with the traditional local restaurants. Most of the restaurants' employees are unskilled and are trained on the spot.

With regard to entertainment activities, the supply is of varying standard. For evening entertainment, Turkey has much to offer in the way of hotels, restaurants, coffee houses and night clubs.

At night, cities come alive, glasses clink over plates of seafood and sequins shimmer with the tinkle of cymbals while oriental dancers express the age old seduction of the East".[35] In the many tavernas along the Bosphorus in İstanbul, the tourist can sample the good food and enjoy music and dancing for hours into the night. In the night clubs, the famous oreintal "belly dance" is usually part of the programme. Other sources of entertainment for the tourist take a more formal style such as the annual performances of the İstanbul Festival of Art and Culture in early July, during which, international opera, ballet and theatre groups and orchestras perform. Choirs give performances in the Byzantine Churches and during the winter season there are many concerts in opera and ballet. Officials have, however, recognised the need for not only more Western style night clubs of a higher standard, but also for better organised and more of the typically Turkish forms of entertainment, which have proved to be more attractive to Western visitors.

Crafts from carpet weaving to copper beating are usually demonstrated in all of the seaside resorts and throughout the country there are numerous boutiques offering typical Turkish souvenirs and handicrafts. Contrasting with the gay atmosphere of the boutiques and bazaars are sophisticated jewellers and fashion shops similar to those of their European counterparts. Shopping is therefore, a popular passtime with tourists especially as things are much cheaper than in most other countries in Europe.

The main handicraft products, however may be divided into four main categories:

(a) Textile, handicraft products (carpets, rugs and towels);

(b) Leather handicraft products;

(c) Metallic and Ceramic (mainly copper and tiles);

(d) Wooden handicraft products.

These products are quite heterogeneous differing according to raw materials used, machines and tools required, methods of production and skilled labour needed.

In general the handicraft products do not require any considerable investment and traditionally the handicraft industry has been located

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(35) MTI (1978)[a]

at certain places according to the abundance of required raw materials. Bursa, for example, is the centre of textile production, particularly quilt making (using the region's particular material, silk) and the manufacture of towels. Furthermore, Turkey's cultural heritage provides the handicraft industry with a rich basis of ideas and values to develop and diversify the production.

The industry is nevertheless, not problem free. It has, to some extent, become a "mass producer" suffering from low productivity and poor quality of products due to the shortage of skilled labour caused by low wage levels which are considered "inadequate" to attract such labour into the business. This shortage has forced producers to employ women and young trainees (mainly housewives on a part-time basis) as a substitute for skilled labour. On the other hand, sellers do, mostly exercise a monopoly position in the industry and prices of handicrafts are reached usually after a bargaining game between the seller and the tourist customer although this is not the shopping habit in Western societies. One major shortcoming in the handicraft trade in Turkey, as in many other tourist destination countries, is therefore the temptation to "exploit" what appear to be wealthy foreigners.[36] In this respect, officials in Turkey seem to have done little to overcome the problem and urgent policy measures are required to protect the various private interests involved in the tourist industry, as well as the interests of the national community as a whole. After all, the tourist's experience in Turkey contributes to the tourism product in both positive and negative ways. The importance of the handicraft industry to the Turkish economy stems from two main causes. First, handicrafts is by nature a labour-intensive industry which can absorb part of the "surplus labour" which is in marked abundance and cannot be absorbed in other industries based on modern technology. Secondly, the industry can be developed in rural areas, where the necessary labour and raw materials exist; hence handicrafts can be introduced and further developed as a viable part of a regional development programme in certain areas. This and all other components of the Turkish

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(36) For a very useful and comprehensive discussion of the subject see; De Kadt (1979), especially pp.68-76.

tourism product are, however, subject to and determined by the policies adopted by the Government.

8.3 Turkey's Tourism Policies

Tourism policy involves the major attempts made and the essential measures taken in order to develop and maximise the benefits of the tourism phenomenon. It should be in accordance and parallel with the social and economic development policy of the country.[37] Since 1961, Turkey has been following a planned mixed economic policy. The Five-Year Development Plans and the Annual Programmes give in detail, all the specifications related to this policy. The characteristics of the development plans related to public and private sectors lie in the fact that they are leading and encouraging for the latter and imperative for the former. The development plans which express the Turkish planned mixed economic policy and the development policy as a whole, involve the analysis and survey of the present day situation, the development strategy and the objectives combined with the principles and tools related to it, one of which is the development of the entire tourism industry.

The Turkish planned mixed economy relied on the same basic principles in all three development plans (1963-1967, 1968-1972 and 1973-1977). The first principle concerns a development which was applied within a framework of a mixed organisation. Thus, the costs of the superstructure were borne by the private sector, while the infrastructure costs were borne to a considerable extent, by the public sector. Furthermore, the public sector guided and encouraged the private sector by taking the essential steps and realising a pilot superstructure. The second principle concerns the contents of the development plans and programmes. The most significant and noteworthy purpose of this principle was to secure the horizontal and vertical coordination harmoniously among various economic and social activities. In accordance with this principle, all the sectors including tourism have been planned and programmed separately and some of them at the macro-economic level. The third principle

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(37) MTI (1975), p.6.

concerns an economic policy which was a continuous one formed by different stages. This principle may be conveniently examined under three different headings namely:

(a) Perspective Plan;

(b) Five Year Development Plan;

(c) Annual Programmes;

The fourth principle, which is no less important in terms of economic policy, was planning in phases. The Turkish economic policy was formed, followed and applied in this method.

Although industry, particularly manufacturing has been given top priority in the plans and programmes, the objective of Turkey's Government in the development of tourism has been to effect a planned and controlled growth of the sector which would secure the maximum economic benefit consistent with the protection of natural beauty and resources and the preservation of the social and cultural fabric of the country. This objective was translated into "six basic principles of tourism Policy" which were laid down in connection with the Second Five Year Plan (1968-1972):[38]

(a) Full advantage will be taken of the economic, social and cultural aspects of tourism.
(b) In particular, receipts from foreign tourism will be raised by increasing the number of foreign tourists and their average expenditure while domestic tourist activity will also be developed.
(c) Tourism investments will be concentrated in the regions with high tourism potential, and accommodation suitable for mass tourism and transportation facilities will be provided. These investments will be supported with credit and with financial and legal measures and will be carried out according to a physical plan.
(d) Price policy in tourism will be arranged according to the conditions of international competition.

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(38) DPT/SPO (1969)

(e) The structure of the tourism industry will be improved and a new orientation will be given to tourist information and credit policy.

(f) The investment policy in the tourism sector will be for the Government to undertake investments in infrastructure and exemplary tourist establishments, and for the private sector to take the other investments.

Despite slight variations in the First and Third Plan Period, tourism policies in Turkey, as outlined above, emphasised and concentrated on two main principles. First, during the last two decades, contrary to the tourist profile found in the previous chapter (wanderlust, individual), mass tourism has been the main policy issue around which ways and means attempted to develop the entire industry. Secondly, tourism planning took place in conformity with the general guideline that investments in infrastructure be undertaken by the public sector and investments in superstructure be assigned to the private sector. In realising this, the Ministry of Tourism and Information undertook the task of establishing the conditions and climate for encouraging the direction of private investments towards the tourism sector, as well as establishing co-operation with other institutions and government agencies which have an important role in the production and marketing of the tourism product, such as customs, transportation, education, financial institutions etc.

Accommodation facilities, establishments in thermal spas, "pensions", supplementary services and facilities, travel agencies, manufacturing enterprises of touristic handicrafts, tourist maritime services, film industry and other individual marketing bodies are the subjects to which credits are granted in accordance with the principles fixed by the Ministry of Tourism and Information, and Republic of Turkey Tourism Bank Incorporated. In the case of tourism investments, the share has been 1.4, 2.3 and 1.6 per cent of the total investments in the First, Second and Third Plan Periods respectively.[39]

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(39) DPT/SPO (1977), p.55.

8.3.1 Planning and Control

The principles of the general tourism policy in Turkey are fixed within a planned framework which involves economic, social and physical planning.

Economic planning is, as in general economic planning, composed of three stages, which are again Perspective Plan, Five-Year Development Plans and Annual Programmes. The Five-Year Plan involves the tourism policy in the phases of preparation, formulation, judgement, balance, implementation and follow-up. The tourism policy is fixed in accordance with the plan objectives and strategy. The balance of payments and other significant items, such as the present situation, developments, annual goals and projections, measures, and the tourism investments to be undertaken by the public sector are taken into consideration in the Annual Programmes. Thus the Annual Programmes involve all aspects of the tourism policy in detail together with the objectives and tools.

From the social planning point of view, the subjects which concern the tourism sector, such as education, health, culture and youth problems are examined by conducting special research and fixing the required measures.

The main objectives of physical planning are to intensify tourism investments in certain areas and regions, to fix the relation between infrastructure and superstructure and to "canalise" tourism developments and implementations.

The location of tourist complexes should be within the development zone established by the Government or in the priority centres fixed by the Ministry. The development zone, as mentioned earlier in this chapter, is a belt of coastland with a width of 3 km. from Çanakkale - Balikesir province bordered by the sea as far as Mersin - Antalya province bordered by the sea. (See the map).

The priority centres fixed by the Ministry are; firstly Antalya, which involves several tourism development centres; secondly the

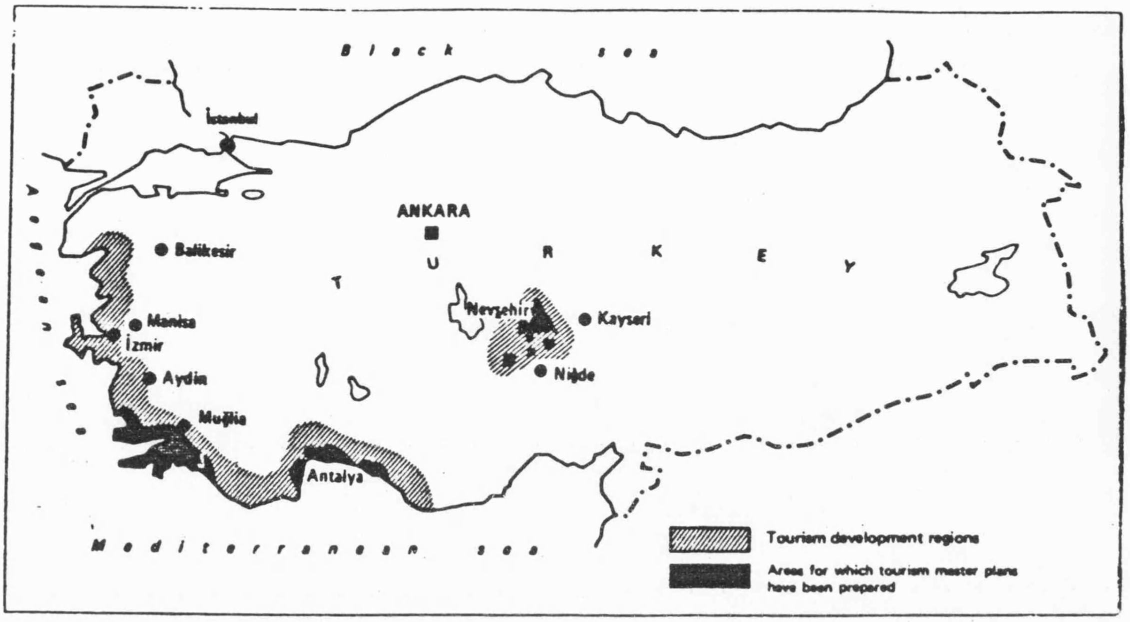
Muğla Province coastline where the land use plans were terminated and an international airport for chartered flights has been opened very recently; thirdly national parks such as Pamukkale, Göreme and Uludağ where a tourism orientated physical plan has been prepared; fourthly Kuşadasi, which has a widespread reputation and the metropolitan plan of which is completed. On the other hand Adiyaman and Van provinces are becoming subject to foreign interest. These priority centres possess the greatest advantage of investment incentives, which are listed below.

(a) Allocation of land;
(b) Investment Credit (allowance) on Corporation tax;
(c) Exemption from the Property Tax;
(d) Exemption from the Building Licence fee;
(e) Tourism import Quotas;
(f) Exemption from Custom duty and tax payments by installments;
(g) Employment of foreign personnel;
(h) The foreign enterpreneurs may enjoy various benefits from the investment which they undertake in Turkey. (For details see Appendix 8.3).

As far as planning methodology is concerned, it is the aim of physical planning to start to work from regional planning or base the studies on independent regional plans, giving special emphasis to tourism. The following results have been expected from tourism planning studies in Turkey:

(a) Fixing the optimum conditions to render the tourism facilities profitable with respect to location and construction and to protect areas of archealogical and natural beauty.
(b) Avoiding the activities in the neighbourhood that would have unfavourable effects on tourist sites.
(c) Establishing the general infrastructure network.
(d) Taking the necessary steps to satisfy the needs created directly by tourism development.
(e) Determining the areas that should be protected outside the development region.

Map 8.1 Tourism Development Regions in Turkey



The control and management of tourism development in Turkey is the responsibility of the Ministry of Tourism and Information, but it functions in conformity with the general economic programmes and plans of the State Planning Organisation. There are two main units within the Ministry; they are the General Directorate of Tourism and the General Directorate of Information. Both of these units are responsible to the Undersecretary (through the Deputy Undersecretary), who, of course, is responsible to the Minister of Tourism.

The broad framework, within which the planning for tourism development must take place, is established by the State Planning Organisation which has its own tourism expert, whose function is to advise on general programmes and their effects on the tourism sector.

It must however, be stated that Turkey has received a considerable amount of external assistance both financial and advisory in the planning and control of tourism. The Ford Foundation, for example, whose financial assistance totalled $ 16 mn. for the period 1952-1971, helped the Middle East Technical University in establishing a Department of Restoration and Preservation to serve the needs of Turkey and the Middle East in 1964. The Foundation's grants also provided for visiting foreign professors, staff training abroad, imported equipment and supplies, and for partial support of research, field trips, and publications.(40)

Other external assistance has been directly given e.g., foreign experts were asked to formulate physical plans for tourism. Foreign assistance was also indirectly given in development planning and policy, education, transportation, infrastructure, agriculture etc., which are very much related to the planning for and control of tourism development in Turkey. Two dramatic examples of these are the construction of the Bosphorous Bridge, which is the fourth largest suspension bridge in the World linking Europe with Asia, and the development of Yeşilkoy Airport in İstanbul. The bridge, in addition to its functional values, has been a great tourist attraction.

Present policies for tourism and its planning and control are all geared to develop "mass tourism" in Turkey. It must be remembered from the discussions that once a country has committed itself to mass tourism, there is no retreat. Despite the best laid plans, human avarice takes over at a point and development with huge densities would bring material benefit to Turkey at the expense of destroying the original beauty and rich heritage of the tourism development regions.

8.3.2 Marketing of the Product

In the last two decades, general economic and tourism policies together with planning and control have formed a tourist industry and a socio-economic and political environment in which Turkey's tourism product is produced and marketed.

Another basic area of government involvement in tourism development is the carrying out of a planned publicity and promotion programme. Such a programme would require accurate knowledge of the motivations and the needs of the tourist market. In planning for the marketing programme, it is necessary to decide on which tourist markets would be given priority in promotion activity, how best a promotional activity can be conducted, and what form the promotional programme should take.

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(40) "The Ford Foundation in Turkey, 1952-1971", Ankara, 1972 , p.4.

In Turkey, although individual components of the tourism product such as transportation (mainly Turkish Airlines), accommodation establishments, tour operators and travel agents take part in the marketing of Turkey's tourism product, main responsibility in this field lies with the Government, and thus with the related Ministry.

The Ministry of Tourism has developed an idea that each visitor to Turkey is a potential advertisement for Turkey and that measures need to be taken to ensure his favourable impression of the country. This is the essential purpose of the inspection and licensing activity of the Ministry involving tourist establishments mainly lodging houses. In addition to this, it has also undertaken publicity in co-operation with other government offices and has organised various activities such as festivals in various cities and tourist centres and sound and light projects all geared to create an awareness of tourism at home and abroad, but it has failed to bring the tourist to the country in the first place, which is in the hands of the tour operators and travel agents located in the tourist generating countries (wholesalers and retailers).

It has to be mentioned that at present, Turkey depends heavily on its foreign tourist offices (located in the western tourist generating countries), to conduct tourist promotion and marketing abroad. The main function of these offices is the dissemination of information related to the tourist attractions and services available in the country. In this respect, the role of Turkey's foreign tourist offices may have to be reviewed in conjunction with the ever-increasing need for co-operation with tour operators and travel agents in the countries concerned. Thus the organisation and activities of these offices may need to be restructured.

It has been mentioned that in view of the high costs involved in the marketing of tourism products, considerable benefits can be obtained by regional co-operation among several countries in selling their tourist services in tourist generating countries. The relevance of the whole issue of regional co-operation in marketing and promotion should, however, receive careful consideration. There are bound to be serious areas of conflicting interests with regard to the arrangement for financing, as well as the "regional image" which a group of countries would like to see presented. It is obvious that the image a particular country would like to create should satisfy its demand characteristics and its overall tourism policy which reflects its preferences and conditions.

Each aspect of marketing practice of Turkey's tourism product is an investment in time, energy and money, and must show an equitable return to the country which can be subjected to measurement in the same way as all other business investments can. Results to be obtained are highly dependent upon the establishment of standards and upon constant research and planning with the development of objectives and suitable controls in making projections into the future.

8.4 The Effectiveness of Policies

The different approaches could be used in analysing Turkey's past tourism policies. One approach is to examine the goal statements in plan documents and government programmes by politicians, bureaucrats and technocrats at various levels to see if they are consistent with one another in a systematic manner. The second approach is to compare aims stated by the Government with the results actually achieved in the tourism sector. Of these two approaches the latter will be used to examine the efficiency in goal achievement and will require examination of the economic performance of the tourism sector in Turkey. Both approaches hold certain advantages for a researcher who wants to bring about changes in the system. In fact, there has been a number of retrospective studies[41] of past policy environments employing both approaches. It is therefore, the aim of this section to measure the effectiveness of overall tourism policies by analysing the economic impacts experienced in the last two decades from an unbiased point of view which might be useful in reforming the alternative policies.

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(41) Çetin and Yalniz (1976), Akinç (1978), MTI (1978)[b], Kongar (1979), Çetin (1979), Dener (1979). For the overall implications of the intermediate results of these studies see; Çetin and Benövenli (1978), pp. 129-139.

8.4.1 Tourism and Foreign Exchange Earnings

From the policy viewpoint, the major objective in expanding tourism in Turkey has undoubtedly been the need to earn enough foreign exchange to maintain industrial expansion. From this point of view, the results shown in Table 8.4 clearly indicate that tourism policies and their implementation in the 1960's failed to gain enough foreign exchange from tourism development. Although revenues increased by 26.8 per cent annually from $ 7.7 mn. in 1963 to $ 51.6 mn. in 1970, plan objectives could only be realised at 53 per cent despite the sharp increase in the number of tourists coming to Turkey during 1963-1970 (over 20 per cent, see Table 7.3).

In the 1970's, however, receipts from international tourism have improved considerably, increasing by 16.1 per cent annually from $ 62.9 mn. in 1971 to $ 326.7 mn. in 1960; a realisation of 117.5 per cent over the targets for the period under consideration. This trend is also evident in the realisation rate of plans which was 40, 66 and 142 per cent in the First, Second and Third Plan Periods respectively. As a whole during the last two decades targets set in the plans have been realised at 98 per cent due to the success in the 1970's which may have been attributable to the efforts to increase average expenditure per tourist.

As Table 8.5 shows, similar to the total tourist receipts, average expenditure per tourist capita in the 1970's was realised almost at target levels (99.5 per cent) while the 1960's lagged far behind the plan targets at 69.3 per cent, showing an overall realisation of 92 per cent during the period 1963-1980.

The disappointing foreign exchange earnings in the 1960's can therefore be explained to some extent, by a drop in per capita tourist expenditure, as Turkey mainly attracted students, "hippies" and young people who found their way to Turkey individually and spent as little as possible to see as much as possible.

Concurrent with these developments, on the other side of the balance sheet, there has been an increase in Turkish travelling expenditure

Table 8.4 Targets and Realisation of Tourism Revenue 1963-1980

	Targets * (Mn. $)	Realisation (Mn. $)	% of change	% of Realisation
1st Plan				
1963	13.0	7.7	-	59.2
1964	18.0	8.3	7.8	46.1
1965	25.0	13.8	66.3	55.2
1966	35.0	12.1	-12.3	34.6
1967	48.0	13.2	9.1	27.5
Total	139.0	55.1	-	39.6
2nd Plan				
1968	45.0	24.1	82.6	53.6
1969	55.0	36.6	51.9	66.5
1970	77.0	51.6	41.0	67.0
1971	110.0	62.9	21.9	57.2
1972	135.0	103.7	64.9	76.8
Total	422.0	278.9	-	66.1
3rd Plan				
1973	90.0	171.5	65.4	190.6
1974	108.0	193.7	12.9	179.4
1975	129.6	200.9	3.7	155.0
1976	155.5	180.5	-10.2	116.1
1977	186.6	204.9	13.5	109.8
Total	669.7	951.5	-	142.1
1978	248.4	230.4	12.4	92.8
1979	315.8	280.7	21.8	88.9
1980	369.2	326.7	16.4	88.5
1963-1970	316.0	167.4	26.8	53.0
1971-1980	1,847.4	2,171.9	16.1	117.5
1963-1980	2,163.4	2,123.3	23.1	98.1

SOURCE: M.T.I., "Bulletin of Tourism Statistics 1980". Ankara, p.39, table 26.

(*) Inflation might not have been built into targets.

abroad as shown in Table 8.6 averaging 10 per cent annually from $ 20.5 mn. in 1963 to $ 114.7 mn. in 1980. (See also Appendix 8.6).

As the table suggests Turkish tourism expenditure abroad increased more in the 1960's (11.1 per cent per annum) than in the 1970's (10.5 per cent annually) and maintained a constant deficit in the foreign travel account throughout the 1960's, so that by 1970 Turkey remained the only OECD country with a Mediterranean coast

Table 8.5 Targets and Realisation of Average Expenditure Per Tourist, 1963-1980

	Plan Target	Realisation	% Of Realisation
1963	65.0	38.5	59.5
1964	115.8	36.3	27.8
1965	46.6	38.0	81.8
1966	30.4	27.5	90.5
1967	48.1	23.0	47.8
1968	56.0	39.9	71.4
1969	51.9	52.7	101.5
1970	56.7	71.2	125.6
1971	67.2	67.9	101.0
1972	76.0	100.2	131.8
1973	84.5	127.8	151.2
1974	154.1	174.4	113.2
1975	183.3	130.4	71.2
1976	168.8	107.7	63.8
1977	124.3	123.3	99.2
1978	136.8	140.1	102.4
1979	157.9	184.2	116.7
1980	262.5	253.6	96.6
Averages			
1963-1970	58.8	40.8	69.3
1971-1980	141.5	140.9	99.5
1963-1980	104.7	96.4	92.0

SOURCE: M.I.T., (1980), p.45, table 23.

to be in such a position. The balance, however, showed a positive surplus, beginning in 1970 with $ 3.9 mn. for the first time and it continued for the next five successive years, reaching $ 45.9 mn. in 1975. This was followed by the deficits of $ 27.4 mn. and $ 63.6 mn. in 1976 and 1977 respectively. The tourism balance of payments, despite the decrease of tourist arrivals of 8.2 per cent per annum in the late 1970's (between 1978-1980), however, was showing the highest surplus in the two decades being $ 127.9 mn. in 1978 and increasing to $ 212 mn. in 1980. (See Table 8.6 and Figure 8.1).

Table 8.6 The Tourism Balance of Payments, 1963-1980 (Mn. $)

Years	Receipts	Expenditure	Balance
1963	7.7	20.5	(-) 12.8
1964	8.3	21.8	(-) 13.5
1965	13.8	24.3	(-) 10.5
1966	12.1	26.3	(-) 14.2
1967	13.2	26.8	(-) 13.6
1968	24.1	33.4	(-) 9.3
1969	36.6	42.2	(-) 5.6
1970	51.6	47.7	(+) 3.9
1971	62.9	42.2	(+) 20.7
1972	103.7	59.3	(+) 44.4
1973	171.5	93.0	(+) 78.5
1974	193.7	151.8	(+) 41.9
1975	200.9	155.0	(+) 45.9
1976	180.5	207.9	(-) 27.4
1977	204.9	268.5	(-) 63.6
1978	230.4	102.5	(+) 127.9
1979	280.7	95.1	(+) 185.6
1980	326.7	114.7	(+) 212.0

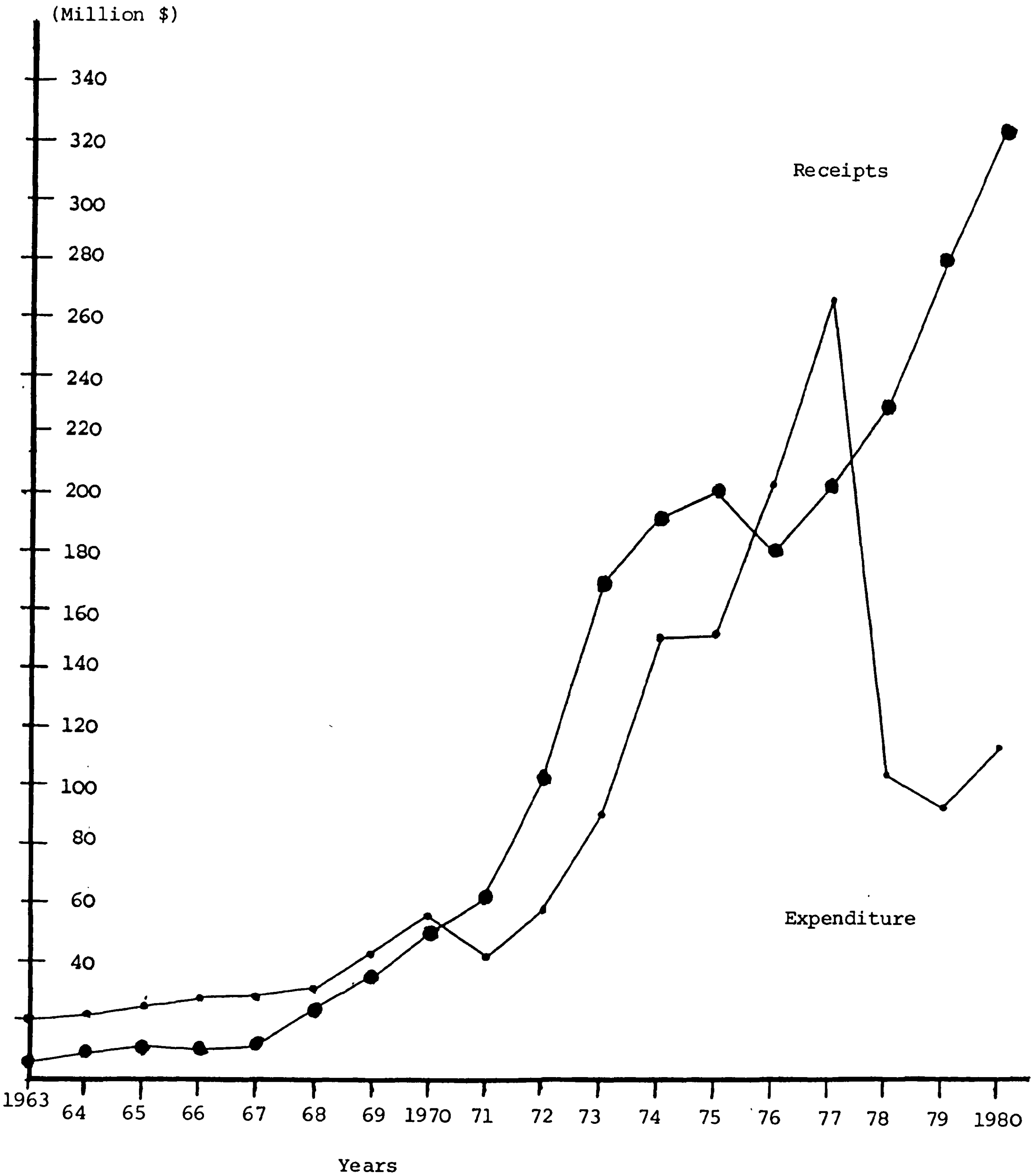
% of Increase*

1963-1970	26.8	11.1	
1971-1980	16.1	10.5	
1963-1980	23.1	10.0	

SOURCE: MTI (1980), p.41.

* Calculated on the basis of compound rate.

Figure 8.1 Turkish Tourism Receipts and Expenditure, 1963-1980 (Million $)



The picture presented by the tourism balance of payments (Table 8.6) appears to be a promising one for the 1980's as it seems to have been improving since 1970. It must, however, be stated that much of this success is due to heavy restrictions on the use of foreign exchange in the early 1970's and even restrictions on travel abroad by Turkish citizens in the late 1970's.

The difficulty in interpreting the figures arises from the fact that substantial amounts of foreign exchange leak into a thriving market despite the authorities having introduced a tourist rate of exchange to guide a larger proportion of foreign exchange through official channels. Despite these developments Turkey's foreign exchange earnings remain the lowest among the OECD countries, constituting 0.4 per cent of the total receipts in 1979.[42]

8.4.2 Tourism's Share in Export Earnings and Balance of Payments

A better understanding of the importance of tourism's foreign exchange earnings in Turkey can be gained by examining their proportion in the total export earnings and balance of payments as presented in Table 8.7.

The table shows that during the 1960's gross receipts from tourism constituted a rather small proportion of the exports, averaging 4 per cent per annum for the period. Their share, however, after fluctuations in the mid 1960's, increased to 8.8 per cent in 1970 from a mere 2.1 per cent in 1963. During this period they financed on average 9 per cent of the deficit in the Balance of Payments.

In the early 1970's, the trend accelerated towards increasing the proportionate share of tourism in exports, but slowed down after the mid-1970's, averaging 11.6 per cent in export earnings and contributing to the balance at about 10 per cent for the decade. This slow-down could, to some extent, be explained by the increase in workers' remittances and by the increased volume of exports in general which reached almost $ 3,000 mn. in 1980.

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(42) OECD (1980)a

Table 8.7 Share of Turkish Tourism Receipts in Export Earnings and the Balance of Payments, 1963-1980 (According to IMF)

	Exports (Mn. $)	Tourism Receipts (Mn. $)	% Share of Tourism Receipts in Exports	Imports (Mn. $)	Balance (Mn. $)	% Share of Tourism Receipts in the Balance
1963	368.0	7.7	2.1	688.0	-320.0	2.4
1964	411.0	8.3	2.0	537.0	-126.0	6.6
1965	464.0	13.8	3.0	527.0	-108.0	12.8
1966	490.0	12.1	2.5	718.0	-228.0	5.3
1967	523.0	13.2	2.5	685.0	-162.0	8.1
1968	496.0	24.1	4.9	764.0	-268.0	9.0
1969	537.0	36.6	6.8	801.0	-264.0	13.9
1970	588.0	51.6	8.8	948.0	-360.0	14.3
1971	677.0	62.9	9.3	1,171.0	-494.0	12.7
1972	835.0	103.7	12.4	1,563.0	-728.0	14.2
1973	1,317.1	171.5	13.0	2,099.0	-781.9	21.9
1974	1,532.2	193.7	12.6	3,777.6	-2,245.0	8.6
1975	1,400.1	200.9	14.4	4,738.7	-3,338.6	6.0
1976	1,960.0	180.5	9.2	5,128.0	-3,168.0	5.7
1977	1,753.9	204.9	11.7	5,796.3	-4,042.4	5.1
1978	2,288.2	230.4	10.1	4,599.0	-2,310.8	10.0
1979	2,261.1	280.7	12.4	5,069.4	-2,808.2	10.0
1980	2,910.1	326.7	11.2	7,667.3	-4,757.2	6.9
% Average Between						
1963-1970			4.0			9.0
1971-1980			11.6			10.1
1963-1980			8.2			9.6

SOURCE: Ministry of Tourism and Information, "Bulletin of Tourism Statistics - 1980", Ankara.

It would not be wrong to estimate that tourism's share in export earnings and thus in the financing of the Balance of Payments, would remain at a similar level or below percentage level, as the export orientated policies appear to be pursuaded by the new regime in an attempt to offset the Balance of Payments' deficit.

The above discussions have been made in terms of gross foreign exchange earnings and do not reveal the real contribution made by tourism to foreign exchange earnings. To estimate the net foreign exchange earnings from tourism, it would be necessary to deduct the outlays incurred by the need to import goods and services for the tourist sector, either directly or indirectly, which represents the greatest leakage.(43)

Ideally, this estimate requires an up-to-date input-output table along with an accurate survey of the sectoral distribution of tourist expenditure which requires a great deal of information and goes beyond the range of this study. One can, however, make an informed assumption based on the evidence available.

In Turkey particularly in the 1960's doubts have been raised about the suitability of tourism promotion as a means of earning foreign exchange for the simple fact that it appeared to be an import-intensive industry. This is reflected both in the construction costs and the recurrent exchange inputs. The former could, more noticeably, be seen in a sample of hotels built and operated by public bodies, where the import coefficient was higher than the average found for the service sector as a whole.(44)

The recurrent exchange costs of tourism are very difficult to assess indeed, but it appears from the experience of other tourist countries that the extent to which international tourists seek and demand international standards of catering and service means a high import content in the food bill.(45) This is however, hardly acceptable in the

(43) Although the leakages occur to finance travel abroad by Turkish nationals. (See Chapter 3 also).
(44) Import content for the state-owned hotels was, for example, about 16% in the 1960's (see Appendix 8.4). For a detailed analysis of the 1960's; see Diamond (1973)
(45) Peters (1969), Chp. 6.

Turkish case where the cuisine contains best quality produce and where the domestic construction and furnishing industry became internationally competitive in the 1970's, especially in the Middle East.

Generally speaking, many of the leakages, of course depend on the type of tourism prevailing and tourist facilities operating in the country. The import content of entertaining sea cruisers, living and eating on board, and of "wanderlust drifter" would naturally be the minimum. On the other hand, the import content of international clubs establishing tourist villages and bringing in tourists who not only consume imported foodstuffs but also engage foreign personnel at a high rate, is likely to be much higher. Given the fact that tourism policies in the 1960's stated in the First Plan, put emphasis on luxury class hotels, with a high import content thus causing high leakages in tourism earnings.(46) It would be reasonable to assume that leakages were much less in the 1970's considering the mass tourism policies adopted in the Second Plan and thereafter, based on holiday villages, camping sites and motels, with a consequent reduction in import content and thus expecting that further improvements in the tourism revenues of the 1980's would be realised on condition that effective tourism product and promotion policies were adopted accordingly.

8.4.3 Tourism's Share in GDP

Another way of looking at the impact of tourism on the economy is to consider the contribution of tourism to GDP, despite its complexity created by the diversified nature of services involved.(47)

Table 8.8 shows that tourism in Turkey is indeed a very small sector in the economy. During the 1960's the share of tourism in total GDP increased from 0.1 per cent in 1963 to 0.5 per cent in 1970, averaging only 0.2 per cent for the period, although total tourist receipts increased almost by 7 times.

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(46) However, another study shows that the inputs involving foreign exchange expenditure in the tourist accommodation sub-sector were not more than 7% of the total revenue from foreign tourism; Dalli (1972)

(47) In calculating income multiplier, for example, a fairly complex method would have to be developed involving suppliers to the sector and its subsectors. See Chapter 3.

In the early 1970's, the contribution of tourism to total GDP increased at a faster rate, but slowed down in the late 1970's contributing only at 0.5 per cent on average for the decade in which revenues increased by 5 times.

The relatively small importance of the tourist sector in the Turkish economy cannot be readily explained either by governmental policies to limit tourism's growth or by a limitation in the tourist receiving capacity of Turkey; on the contrary many potential tourism regions (beaches and beautiful scenery) have never been exploited. One possible explanation might be that Turkey's tourism policy, particularly during the last decade, was centred on providing tourist accommodation and amenities in the traditional tourist centres, albeit with limited success, contrary to the pattern of demand which existed for the last two decades. In general, this demand has been "relatively limited" compared to Turkey's competitors and no serious efforts have been made to create a significant increase in demand either by improving the existing tourist services and introducing new types of tourist product in the tourist regions and their neighbourhoods, or by marketing efforts abroad, mainly in co-operation with foreign tour operators and travel agents.

On the other hand regardless of whether or not investment in tourism would have been more profitable than investments in some industrial activities, the authorities seem to have believed that an industry like tourism which provides services does not instigate a high level of technological change which is considered a basic element in a dynamic programme of development.(48) They may also have underestimated the ever growing importance of the tourism wholesaler and retailer in promotional efforts both at home and abroad and the

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(48) Although profitability in the accommodation sector was 4% for public owned establishments and varied between 7 and 12 % for private in the 1960's (see Appendices 8.4 and 8.5), all the touristic establishments contacted stated that profits were satisfactory in the 1970's as observed from the field research.

Table 8.8 Share of Tourism Revenues in the GDP, 1963-1980 (According to IMF)

Years	Gross National Product		Tourism Receipts	% Share of Tourism Revenues in the GDP
	TL. Mn.	$ Mn.	$ Mn.	
1963	66,801.4	7,422.0	7.7	0.1
1964	71,312.8	7.923.6	8.3	0.1
1965	76,726.3	8,525.1	13.8	0.2
1966	91,469.0	10,157.7	12.1	0.1
1967	101,480.6	11,275.6	13.2	0.1
1968	112,493.4	12,499.3	24.1	0.2
1969	124,892.9	13,877.0	36.6	0.3
1970	147,776.1	9,951.3	51.6	0.5
1971	192,602.3	12,969.9	62.9	0.5
1972	240,809.2	17,200.7	103.7	0.6
1973	309,829.4	22,130.7	171.5	0.8
1974	427,097.5	30,507.0	193.7	0.6
1975	535,771.0	37,598.0	200.9	0.5
1976	670,037.8	40,980.9	180.5	0.4
1977	870,239.4	49.027.6	204.9	0.4
1978	1,288,662.4	53,604.9	230.4	0.4
1979	2,178,367.4	52,452.9	280.7	0.5
1980	4,109,504.0	54,179.4	326.7	0.6

SOURCE: SPO, Programme 1981, Table 10.

sensitivity to the political instability which prevailed in Turkey and the Middle East in the 1970's.

The Government's strategy for modernisation, and social and economic reforms, as has been discussed in detail in Chapter 6 and earlier in this section, therefore, concentrated on industrialisation to bring about rapid economic development. Consequently investment in tourism as a percentage of total gross fixed capital investments was very small in comparison with that in other economic sectors, namely manufacturing and housing, as Table 8.9 may indicate. It has to be noted that investment in tourism has been the smallest in sectoral distribution and constantly decreased in the 1970's constituting less than 1 per cent of the total investments.(49)

(49) See Table 6.24 in chapter 6 and also Appendix 8.7.

Table 8.9 Shares of Sectoral Investments in Total Gross Fixed Capital Investments, 1963-1979 (1976 Constant Prices %)

	1st Plan 1963-67	2nd Plan 1968-72	3rd Plan 1973-77	1978	1979
Agriculture	13.8	11.1	12.4	11.1	8.5
Mining	5.6	3.3	3.7	4.6	5.8
Manufacture	20.4	26.7	28.0	24.9	23.7
Energy	6.5	8.9	7.3	10.1	12.0
Transportation	15.6	16.0	20.3	22.9	19.1
Tourism	1.3	2.1	1.0	0.8	0.7
Housing	22.4	20.1	16.8	16.8	20.1
Others(*)	14.4	11.8	10.5	8.6	10.3

SOURCE: SPO, Ankara, 1980.

(*) Education, health and other services.

One might argue optimistically that given the bright growth prospects of tourism in Turkey in the foreseeable future, tourism's share in GDP might increase to reach say 1 or 3 per cent, but what is obvious is that for today and tomorrow, tourism is likely to continue to occupy only a small role in the Turkish economy.[50]

Turkey is not a small country like some tourist-receiving islands in the Caribbean, some of which have a high tourist reception capacity but few alternative economic activities. Tourism in Turkey could prove to be more socially profitable than several other import substitution industries. It would be, however, a gross over-estimation of the present and future capacity of tourism in Turkey to give a priority to tourism on a par with that of industry or agriculture in the belief that tourism could serve as a "key sector" in the economic development process of the country. Tourism could, as repeatedly stated, serve as a "tool" rather than an "engine" of growth if the

(50) Authorities in the European Investment Bank stated that it is very unlikely that international funds could be directed to Investments in Turkey in comparison with other Mediterranean countries for the simple reason that "tourism is not basically rooted in Turkish Society".

foreign exchange it brings in was used to finance investments in other sectors which one must assume would be allocated wisely. Finally, it has to be mentioned that while at national level the contribution of tourism to the economy is limited compared to those of some other major productive sectors, the favourable regional development impact of tourism on certain areas should not be overlooked.

8.4.4 Tourism's Impact on Employment

Employment created by tourism in general and labour supply in Turkey have been discussed in Chapters 3 and 6 respectively.

Apart from the above doubts about the effectiveness of tourism in Turkey as indicated by its poor performance in the prime policy objective of earning foreign exchange and thus contributing to the economy, criticism has also been directed at its failure to meet its other prime objective of employment creation.

In the 1960's, for example, direct employment provided by the industry was less than was expected in all predictions of tourism's labour-intensity - 34,000 people were employed directly within the industry, 29,000 of these being male, with 14,000 in accommodation; 17,000 in restaurants and similar facilities; and 3,000 in entertainment.[51] According to trade unions' records on the other hand there were 170,000 people directly employed in the tourism sector in the mid 1970's of which 70,000 were registered with the social security office.[52]

These figures do not generally measure the full extent of tourism-induced employment, since they exclude employment generated in the tourist supplying sectors and subsectors. With respect to these, the only data available is the findings of the 1970 census carried out by the State Institute of Statistics as given in the table below which constituted between 2 and 3 per cent of labour force demand.

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(51) MTI (1968), p.13.
(52) DPT/SPO (1977), "Turizm ve Tanitma 2.Cilt", p. 338.

Table 8.10 Direct and Indirect Employment in the Tourism Sector According to the 1970 Census.

Hotels - Restaurants - Coffee Bars	
Managers	2,747
Workers	74,186
Cooks-Waiters-Barmen	112,634
Security Officers	12,128
Dry Cleaners etc	7,313
Others	39,526
Total	367,150

SOURCE: 1970 Census, SIS.

In the 1970's the rapid and gross expansion in services, and to some extent in industry, absorbed a large share of the labour force released from agriculture (see Tables 6.6 and 6.7 in Chapter 6). The services sector contains very heterogenous activities, among them, the Government sector[53] and other activities such as those employing workers such as door-keepers, domestic servants, ancillary staff, porters in residential areas and traffic centres, and others in miscellaneous trades and occupations which have very little if any economic significance. These activities have been associated with labour transfer from low-paid and low-productivity jobs in rural areas to other low-paid and low-productivity jobs in urban areas with almost no educational effect and hence very little to serve the cause of economic development in the country. With these observations in mind, it may be possible to proceed to examine the impact of tourism on employment.

In the mid 1970's, it was estimated that in 1976 total employment directly connected with tourism was about 170,000 employees, which

(53) The Government sector which has been rapidly expanding mainly due to political desires, did not offer a solution to Turkey's labour surplus and under-employment problem; it did in fact worsen the situation by transferring people to unproductive government jobs.

represented only 1.1 per cent of the total labour force of 14.6 mn., (see Table 6.5). Compared with the relative importance of employment in agriculture (60.5 per cent) and in manufacturing industry (11.4 per cent, Table 6.6) in 1979, the tourist sector in Turkey has maintained, and probably will maintain in the foreseeable future, a very small share in total employment.

Unfortunately, an estimate of the indirect employment effect of the tourist sector which also serves the domestic tourist, is not possible. In the present state of experience, it is difficult to generalise, but it seems that the total impact could be up to twice that of employment generated directly in the tourist sector.(54) This will bring the share of employment in the tourist sector in Turkey (direct and indirect) still to only 2.3 per cent (consistent with Table 8.10). The contribution of tourism to total employment can, therefore, be regarded as modest.

In spite of the modest impact of tourism on total employment in Turkey, generally speaking, tourism may have a favourable effect on the employment situation facing the country in promoting the transmission of the work force from lower productivity to higher productivity occupations, in absorbing unskilled labour, in creating employment opportunities in the outlying regions of the country and in encouraging "entrepreneurship".

As has been mentioned, tourist attractions in Turkey are dispersed to different places. Given that there is particular interest in reducing the gap between rural and urban regions, the tourist industry could help in providing employment opportunities in areas where there is no alternative. The tourist industry may, therefore, serve as a tool in the efforts made to spread development and hence to alleviate the problems arising out of migration from rural to urban regions, particularly to the big cities like İstanbul, İzmir and Ankara which has reached disastrous dimensions.

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(54) UNCTAD (1973), p.23. Mitchell suggests that indirect employment stemming from international tourism equals 70 to 80 per cent of direct employment in the sector; Mitchell (1968), pp.19-20.

Moreover, tourist attractions are geographically dispersed and tourist demand is far from being standardised. Tourism can offer scope for medium and small enterprises, with some even suitable for operation by one person. These can be owned and run by the local people which would encourage and develop entrepreneurship, a fact considered to be of great importance in the development process.

The ability of the tourist industry to absorb unskilled labour (released mainly from agricultural sector) should not, however, conceal the general need for improving the quality of manpower in the tourist industry. In providing jobs for unskilled workers whose numbers were 75,000 in 1976, it should be made possible for ambitious workers, through accelerated evening education and training for hotel services particularly, to upgrade their skills and to move up to jobs of greater responsibility and higher pay. Even those whose jobs require almost no skills such as porters and bell-man, should get the necessary training to improve their work performance as the atmosphere in the hotel sector is quite different from those in the original sectors from which they transferred. On the other hand, it was estimated by the SPO in the Fourth Development Plan (1979-1983) that another 75,000 people would be employed in the sector for which there were only 6 vocational hotel schools which educated a mere 465 students in the 1974-1975 session.(55)

Qualifications made earlier regarding employment do not, however, escape from the criticism of the type of employment impact tourism creates in Turkey. Firstly, tourism employment, despite the improvements in the 1970's, is seasonal; 42.5 per cent of all tourists arrive in the three month period of July to September (50 per cent in the 1960's), also the peak period for the agricultural sector. Secondly, the degree of skill required of the labour force should not be underestimated, for instance, in a country where almost half of the adult population is illiterate, the possession of a foreign language could be viewed as a skill. Further, the fragmentation of the industry into a large number of small productive units requires a large number of people to run them effectively.

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(55) DPT/SPO (1977), p. 340.

Moreover, looking at capital/output ratios of investment in tourism in the 1960's, they appear higher than average for Turkey as a whole.[56] The reasons for such a high capital coefficient are the requirements of infrastructure and transportation investments and the intensive fixed capital investments, much of which is undertaken by the state for which profitability is very low. Thus although the operation of tourist facilities seems to be a labour-intensive industry, the building up of such productive capacity was extremely capital intensive in Turkey in the 1960's.[57]

It would be, however, greatly misleading to take the capital intensity of the 1960's, during which luxury hotels were dominant as representative of tourism in general in the 1970's. Besides, there is a substantial divergence between the various branches of tourism with regard to demand for capital as the hotel branch requires quite a substantial amount of capital invested per job created in comparison with other branches, in particular handicrafts. Making such necessary allowances with regard to tourism in Turkey could bring down substantially the average capital intensity coefficient attributed to the hotel sector, thus favouring the employment impact of tourism for which further research is necessary albeit very difficult.

8.4.5 Non Economic Factors

The main economic impacts of international tourism arising from the policies pursued in Turkey are discussed above, but a full comprehensive account of the role of tourism requires consideration of the non-economic aspects discussed in general in Chapter 3.

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(56) Diamond (1973) p. 184. See also Appendix 8.8

(57) It has been argued, however, that the labour intensive technique may reduce the country's rate of growth below that which would exist if a capital intensive technique were chosen. It has to be mentioned that the real issue is the problem of balancing consumption today against tomorrow, which can be resolved in principle by deciding the rate of trade-off between them. There is an impressive amount of literature on the subject of investment criteria, see for example: Chenery (1961); Thrilwall (1972), Ch. 6.

From the viewpoint of non-economic analysis, the criterion of capital allocation may be quite different from that based on only economic analysis for the simple reason that the presence of tourists may affect the social, cultural, physical and political environment in the host country. Generally speaking, these non-economic effects, positive or negative, would be felt most in a developing country where the magnitude and dimensions of tourism are significant in the economy. Although tourism's impact on the Turkish economy is modest, the following main non-economic considerations may prove to be useful.

(1) One of the positive non-economic arguments presented for tourism is that international tourism is a powerful means of bringing about international understanding. If tourism can permit people to get together and exchange their opinions and experiences, the benefits of such cross-cultural encounters can be realised (cultural tourism). This is, however, rarely the case with tourism in Turkey despite the fact that the bulk of demand is wanderlust. Apart from the language barriers, tourists particularly western ones, do have a different way of life and consumption patterns, and their human contact with Turkish citizens is limited to the tourist regions.

(2) The "demonstration effect" based on the observation that knowledge of, or contact with superior consumption patterns extends the imagination and creates new wants leading to increased consumption, rather than investment which in turn causes more leakages from the economy.(57)

The relevance of such an argument confined only to international tourism in Turkey is questionable. Admittedly, there has been a move in Turkey to adopt superior consumption habits, but it is very difficult to say that this phenomenon has been associated with tourism which has a small role in Turkish society as the undergoing study has revealed. It has rather been a result of

(58) Japan however, is given as an example of a country which during its early courses of industrialisation imitated the Western countries in everything except consumption patterns. Nurkse (1970), pp. 264-267.

a combination of many factors such as increasing contact with American and European habits through media, adaptation of import-substitution industries one of which is the motor-car industry [59] and, especially through Turkish workers abroad mainly in Germany and the newly rich Arab states enjoying luxurious consumption compatible with their economic wealth.

In response to this phenomenon, the governments imposed severe restrictions on imports of "luxury" consumer goods and, on people's travel abroad for tourism purposes to save on the scarce foreign exchange from time to time. One has to mention, however, that these measures did not succeed (until after the 1980 Coup) in stopping the "illegal" flow of such "luxury" goods into the country. Many Turks tended to buy such goods to show their position and status rather than for their usefulness; they had a great appetite for any goods which were foreign-made.

Briefly, it seems that the way the "demonstration effect" is working in Turkey is very much induced by the pre-existing socio-economic characteristics of the country, rather than the arrivals of international tourists.

(3) As regards the allegation that tourism destroys the local culture of a country and its natural heritage, it seems that such an allegation has not much foundation with regard to tourism in Turkey. Tourists who visit the monuments and historical places of Turkey's ancient civilisation, usually belong (supposedly) to an intellectual class of people and generally show respect and interest in these aspects of universal human heritage. Of course, there are in Turkey as everywhere else, some ill-mannered tourists, foreign and local, but it is for the authorities concerned to prevent

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(59) Akat (1978), pp: 132-138.

such cultural pollution and protect the historical heritage through well-planned and organised tourism policies and control.

With respect to the protection of the physical environment, due care must be taken in this direction particularly in tourist regions where overpopulation exists. As observed, entrance fees to museums or historical places of interest in Turkey are comparatively low in comparison with the U.K. for example. Tourism should be used partly to reinforce the cultural basis and to improve the environment by way of investments made in the exploitation and restoration of monuments and places of historic significance which are numerous in Turkey.

(4) As a result of the cross-cultural contact, international tourism has been criticised on the grounds that it contains an unacceptable element of acculturation, in the sense that the local people of developing countries accept the values of the Western World while discarding their own. The main point here is that not every traditional value is compatible with development and not every accepted Western value impairs development.

Social change implies the destruction of some values and the adoption of new ones, but this does not necessarily imply that the traditional indentity of a country would be lost.[60]

Another highly controversial variation on this argument to the effect that tourism has an interruptive role in the slow process of social development by way of "sudden and savage" disruption of the traditional values and beliefs, is of little relevance to Turkey for the following reasons. Firstly, for the obvious reason mentioned above, the cross-cultural contact caused by Western tourists is limited; and in general the number of Western tourist arrivals in Turkey in relation to

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(60) In this connection, Japan might again be able to serve as a successful example of social change and maintenance of national identity; Theuns (1973), p.113.

the population is small compared to other competitors. Secondly, the attractions and influences of the Western pattern of life in general, to some of the young Turks, for better or worse, may be induced by the media rather than by tourists. Thirdly, tourists from the Middle East, whose numbers increased considerably in the 1970's, are to a certain extent, of similar patterns and ways of life. Moreover, Turkey has adopted since the 1920's a socio-economic policy based on westernisation which is likely to continue under the new regime. On the other hand, tourists from the Middle East believe that the Turkish way of life is more "modernised" and open than their own, and it seems that the acculturation is working here in the opposite direction to the one described above. The women in Turkish society, for example, play a greater role and enjoy more freedom than in many other Middle East countries.

(5) Another criticism directed at international tourism on the grounds that it generates fringe industries such as "prostitution and gambling" and leads to the development of a "servile attitude" among the local people is not fully justified in Turkey as they existed due to other factors some of which are mentioned above. One cannot, however, ignore the fact that there has been occasional resentment against tourists on moral grounds because of what might be called an "ineffectively" controlled entertainment trade. Neither can one ignore the fact that some local people, as most probably elsewhere, are under a temptation to "exploit" foreigners in selling their goods and services to them. Nevertheless, all these examples are of areas where government intervention and participation in tourism development and social development in general is possible.

From the above discussion one may conclude that non-economic factors related to tourism which are negatively valued, may exist to some extent in Turkey, but are far less severe than they are thought to be in some other developing societies, consistent with the argument that social tensions created by tourism within Europe are slight when compared with those found in other parts of the world, where tourism is imposed on societies such as the Caribbean where racial differences are a problem.

Non-economic factors related to tourism which may be valued positively in other societies are at best, of marginal importance in Turkey and any further beneficial action lies in the hands of the authorities concerned through proper planning and control.

PART IV

CONCLUSIONS

CHAPTER 9

CONCLUSIONS AND RECOMMENDATIONS

9.1 General

International tourism is the second largest item in world trade after oil, accounting for about 300 mn. tourist movements and an expenditure of $90 billion by the end of the 1970's. These estimates, based on studies by the World Tourism Organization, clearly indicate that international tourism is indeed a giant industry with tremendous growth potential, but the fact that they are estimates further indicates that as an industry, the impact of tourism is difficult to quantify if only because of the lack of a generally agreed definition of its scope. It is, as this study has revealed, as wide ranging, far-reaching, and multi-faceted as the world itself.

The number of international tourists more than doubled between 1965 and 1979, from 114 mn. to 270 mn., and by the end of the decade estimates predict that numbers will double yet again to 540 mn. with no saturation point in sight. The complexity of this already amorphous market will be intensified by the fact that the majority of travellers, like those to Turkey, will be between the ages of 20 and 45. They will have an average five to six weeks holiday per annum, usually split holidays, at their disposal. The second largest group of international tourists will be in the 65 plus age group with plenty of time and money on hand for travel[1].

Tourist originating and receiving countries will continue to be those traditional European and North American countries with the exception of the entry of "newly developing countries", and Japan, as the originators with their growing wealth.

Although the share of developing countries has been increasing in terms of arrivals, their tourism efforts are hampered by the lack

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(1) Buckley (1982), p.23.

of comprehensive, accurate and comparable data (both first and second generation statistics) and the inefficiency of tourism's administrators. Furthermore, the structure of the tourism industry is such that the tourism product itself and its distribution and marketing are extensively under the control of foreign enterprises through ownership(2), the barrier of knowledge of consumer characteristics, etc. The commercial practices of foreign hotel chains, airlines and tour operators can work against the interest of developing countries, resulting in a serious leak of foreign exchange earnings.

On the other hand, the package holiday, which emerged from relative obscurity in the 1960's to become a mini industry in itself, is likely to be an even greater factor in the production of tourism services and their marketing efforts over the next decade. With an emphasis on specialised holiday packages geared to everything from events, such as international festivals, to different segments of the market, such as the elderly and schoolchildren, and to interests, such as sports or hobbies. The lower per capita expenditure of these "institutionalized" tourists is more likely to make it harder for developing countries (Turkey is no exception) to increase their share of tourist spending since the image of a tourist as shopping around for the greatest bargain is a fairly accurate one. The countries which host the greatest number of tourists do not necessarily collect the largest revenues. In 1976, for example, Yugoslavia received close to 26 mn. tourists who left behind some $800 mn. while France's 13.5 mn. tourists left behind $3.6 billion in spite of its reputation as being an expensive place in which to enjoy oneself. This clearly proves that, regardless of the relative values of any

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(2) The UN profile of the tourist industry in the "South" reveals that at the end of 1978, 72 out of 81 multinationals active in the non-communist world hotel industry originated in the "North". These 72 were associated with a total of 1,025 hotels outside their country of origin representing 18.5% of the estimated total domestic and foreign rooms of the 100 major hotel chains. U.S.-based corporations accounted for half of the transnational-associated hotels abroad and for 56% of the rooms in those hotels. Barang (1981), p.64.

holiday destination or the attractive packages involved, the international tourist will continue to go to where he is attracted, due to modern marketing techniques stemming from product innovation and the diversification concept in the field of international tourism. On the other hand it is apparent that holidays have become, through factors affecting both demand and supply, a natural consumer good, no longer a rich man's privilege, but an important facet of industrial life.

Company packages, similar to those currently popular in Japan might therefore, become more evident throughout North America and Western Europe as the decade progresses, since they combine an incentive/reward tax-free bonus for the employee while allowing the employer to buy on a large scale/small cost basis. In effect the company holiday package is merely one industry utilising another for mutual benefit and, is another segment which should be taken into consideration in future marketing efforts. Tourism, as a result of these developments therefore, represents an important "invisible export item" in the economies of many countries, particularly small islands which heavily depend on tourism and have no other viable alternatives to development.

International tourism can consequently, be an effective "tool" in earning foreign exchange and creating employment, thus reducing balance of payments problems and regional imbalances in developing countries. It also diversifies the structure of the host country's economy, creating more income for the local population. This progress is nevertheless, a costly and slow process. It involves, for example, foreign exchange costs of infrastructure development, importing supplies for the construction and operation of tourist facilities, incentives and grants, and job creation and training. There is, however, as yet limited opportunity to measure its true scale.

The social, cultural and environmental effects of producing and marketing a tourism product which is composed of tourism resources, accommodation, transportation and other facilities, have been partly studied only in recent years and no widely applicable methodologies have yet been devised to assess them fully[(3)]. Developing countries with great but largely unexploited tourism resources such as Turkey, can increase their tourism earnings several fold before dependence on international tourism becomes a cause for concern. It is with the development of mass, institutionalised tourism (whether sun-lust or wander-lust), that a rift occurs between tourist and local resident. The speed of the spread of resentment on the part of the host country's residents is not, however, solely related to tourist numbers but involves a complex formula requiring consideration of the specific country's socio-economic and cultural background and the distribution of political and economic power. There appears to be a saturation level of tourist flow, calculation of which depends on the social and economic variables included, after which "blessing" turns into "blight".

The cost-benefit approach is probably one of the best techniques currently feasible for evaluating the income effects of tourism where there is active or potential competition for a country's resources and factors. The failing of multiplier analysis is that it ignores the alternative use of resources; and much more research looking at patterns of development on an inter-country basis is necessary before the usefulness of structural analysis of tourism can be properly evaluated. Cost-benefit analysis is criticised because its validity depends on the appropriateness of its assumptions rather than the quality of its predictions. Its strength, however, is that it enables evaluation of the potentially enormous social and cultural effects of the tourism sector or of specific projects.

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(3) For the basic principles and formulae of specific methodologies for tourism multiplier and social cost benefit analysis which are, however, considered likely to produce the most useful results given the current availability and reliability of data inputs see: Archer (1977)[a] and (1977)[b], Bryden (1973), Little and Mirrlees (1968) and, Sadler (1973)

In the debate between close government control of the tourism sector and development in the main, through private sector initiative, the case is strong for extensive state intervention since only government can deal effectively with international tourism organizations and take the necessary steps against adverse socio-cultural and environmental impacts. Unless tourism is represented in government at the same level as other development sectors, it will inevitably receive secondary priority in allocation of tourism resources as will production of an appropriate tourism product according to the type of tourism a country wishes to attract. The key to improved understanding of, and results from, international tourism in developing countries is therefore an appropriately structured and manned tourist administration and an adequate supply of staff trained in all skills (including management) in the tourism sector. They could then execute the task of stimulation, coordination and development of the whole sector[(4)].

Although there seem to be, as the Turkish experience showed, vocational training and educational efforts to some extent in developing countries, there is still an insufficient supply of qualified management personnel, particularly in the government sector and in the marketing field, to serve the needs and requirements of institutionalized tourism.

This study has repeatedly emphasised that developing countries should concentrate first and foremost on regulating the volume and type of tourism they permit in order to achieve maximum social and economic benefits and thereby relate tourism development to the country's socio-economic and political structure. In doing this, local interests can be shown to be still well catered for, even with large scale tourism, or where control has long passed out of the hands of local individuals as institutionalised tourism becomes established. Suggested below are a number of measures to improve

(4) Full details can be found in IUOTO/WTO (1975) and, Cleverdon (1979)

state liaison with foreign tour operators (wholesalers) in the distribution and marketing of tourism products of developing countries in general, which is also applicable to the Turkish case.

In the long run, it is almost certain that developing countries could only control their tourism development effectively and in the most beneficial way by entering the market at each level of distribution. The extremist view is that the state's role in the marketing of its tourism product must cover each aspect, i.e. distribution channels, advertising, public relations, personnel, and other sales promotion activities. Whilst developing countries should formulate a long term strategy which embraces all of these aspects, it is however, difficult to see how for at least a decade, direct sales operations would provide significant benefits to developing countries in the light of the supply/demand balance, and the lack of knowledge in the developing countries of the socio-economic characteristics of tourism demand in major generating markets including their different segments. The costs of such a long term policy would obviously be considerably high. Operations limited to a single destination are extremely susceptible to demand fluctuations resulting from actual or potential problems which affect tourists, for example strikes, conflicts between local inhabitants and tourists, and political disturbances. In addition, there exists the possibility of retaliatory action on the part of the foreign tour operators for instance, through the exclusion of the country from their own tours programmes.

The optimal short or mid-term solution for developing countries like Turkey, seems to be closer co-operation between tourism administrations and tour operators located in the tourist-generating markets which hold the greatest power. In 1981 in the U.K. for example 6.7 mn. air tourists were dealt with by 630 "travel organizers", 28 of whom handled 72 per cent of all movement and 3 handled 25 per cent, the largest being Thomson which handled 13 per cent itself[5].

A joint venture, hybrid operation, utilizing developing countries'

(5) CAA (1981)

capital (providing title and ownership) with foreign expertise (to design and market the programmes in generating markets) may be the most practical bridging operation to a fully owned and operated developing country's tour operator. Close co-operation with neighbouring countries on a regional basis may, even in the latter suggestion, prove to be the most economically viable solution provided that conflict of interests is eliminated or controlled. All of these measures may help to improve foreign exchange earnings of developing countries from international tourism, but great care must still be taken to prevent adverse effects on the socio-cultural and environmental features of society which are invaluable and irreplaceable.

The present study has revealed evidence that international tourism is almost everywhere, a basically ambivalent phenomenon. The quantifiable economic gains resulting from it appear depending on the receiving country's socio-economic and political structure, to vary considerably more than is generally argued for by its unconditional advocates while the social and cultural costs appear to be important in magnitude and often are difficult to measure in quantitative terms. In other words, a thorough analysis of international tourism's overall impacts in any developing society cannot be dissociated from the basic concept of socio-cultural diversity(6). It would, however, be totally misleading to assume its decline (not to mention its disappearance) in the near future, given the current world situation of political and economic inequality and dependence between the "North" and the "South". On the contrary there is every reason to believe that it will remain one of the most viable lucrative markets in which the winners will be those who make the best of available techniques and knowledge in the production, planning and control of tourism products, and their integrated marketing.

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(6) This cultural diversity may constitute a major wanderlust tourism asset, but it can also be a reason for researchers to suggest discouraging or forbidding international tourism as seems to be the case in some parts of Indonesia. See Maurer (1979)

9.2 Turkey

Turkey, like many other developing countries, is characterised by her relatively low levels and uneven distributions of income and wealth and has suffered mainly from high and ever-growing unemployment, worsened by population increase and urbanization, her dependence upon the export of staple agricultural products and, consequently, a constant shortage of foreign exchange. It was principally the latter problem which made Turkey look to international tourism as a possible solution, or at least as a "serving tool". The authorities in Turkey, influenced by the continuing and persistent deficit in the balance of payments on one hand and by the impressive record of tourism in other Mediterranean countries on the other hand, raised the hope that tourism could become a key factor in the socio-economic development of the country.

Despite the impressive increase in tourist arrivals to Turkey in the 1960's, 23.2 per cent annually between 1963 and 1969, well above the world average, receipts from tourism were less than expenditure mainly due to the wrong policies of supply of tourism product for the existing demand and the balance of tourism payments showed a constant deficit throughout the decade. This probably accrued as Turkey's tourist market moved away from the old-style leisure traveller to the new, lower-income, institutionalized traveller and to the host of students and other young people who found their way to Turkey. Consequently, the tourist season was very short and tourist expenditure per capita fell below expectations, thus raising questions about tourism's effectiveness as a foreign exchange earner.

Doubts also arose over tourism's ability to create employment and its nature, as only 34,000 people were directly employed within the industry by the end of the 1960's.

It is, however, in the last decade that the growth of tourism can be said to have become phenomenal. Although tourist arrivals grew only by 5.9 per cent annually between 1970 and 1980, with a decreasing trend at the end of the decade mainly because of the economic and political instability discussed, receipts increased by more than 20 per cent annually for the period. Average expenditure per tourist and seasonality has improved to some extent and direct employment created by the tourist industry, apparently increased by five times providing jobs for 170,000 people. As a result of these improvements tourism's receipts ($326.7 mn. in 1980) constituted on average about 11 per cent of export earnings and contributed to the GNP by about half a per cent in the 1970's.

Turkey's partial success in international tourism in the 1970's compared with the 1960's can, however, be explained by the following observation which might be a sample model for those developing countries where tourism is less organised and less developed than that of Turkey.

The government in Turkey only recently (in the 1970's) adopted its "corporate" planning, establishing a broad overall policy for tourism, aiming at the development and maximization of the benefits produced by tourism in line with the overall social, economic and development policy of the country putting emphasis on "mass tourism". Its specific objectives have been to reduce the balance of payments deficit through tourism revenues, to help solve the country's unemployment problem and to try to reduce the imbalance between regions.

Although these policies have met with some success in the 1970's in Turkey compared to less developed countries, overall impacts of tourism on the Turkish economy remained relatively modest as against Turkey's main competitors. Between 1976 and 1978, for example, the shares of international tourist receipts in GNP in Spain, Greece, Portugal and Italy were on average, 3.3, 3.9, 2.7 and 2.1 per cent respectively as against Turkey's 0.4 per cent[7]. The number of tourists visiting Turkey, and receipts from international tourism were also comparatively modest and constituted a smaller part of total exports.

It has, therefore, been concluded that despite the bright prospects of

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(7) OECD (1980)[a], p.55, Table T.III.5.

tourism in Turkey, the industry is not expected to take a "key" position in the economy as is the case in some other Mediterranean countries, at least not in the foreseeable future. The main reasons for this assumption as observed from this detailed analysis can be summarized as follows:

(1) Foreigners whose numbers were considerable as excursionists, visited Turkey mainly for sight-seeing purposes originating principally from Western countries. Until recently tourists were mainly individual travellers, however, conducted tours and package holidays have been gradually gaining ground since the mid 1970's.

The main implication of the above finding is that "non-institutionalized wander-lust tourism" is likely to remain in Turkey for some time to come during which Turkey's tourism product should be produced and developed to meet increasing demand for the "institutionalized sun-lust tourism market" according to the comprehensive approach to tourism planning and control and, integrated marketing techniques.

(2) Official tourism policies have recognized the need to develop tourism further as a means to earn "desperately needed" foreign exchange, but despite their relative success in the 1970's, they failed to create a tourism product and specific marketing policies and programmes capable of hastening this process. In other words policies and authorities responsible for them clearly failed to listen to IUOTO's warning that the travel market polarizes between the "mobile" independent traveller and the "static" inclusive tour traveller[8]. Consequently during the 1970's the supply of tourism facilities and services did not suit the demand, such as developing bed capacity mainly in the "supplementary" accommodation establishments (on the assumption that demand would automatically be generated to fill beds).

The future of tourism in Turkey, nevertheless, has to be looked at from the viewpoint of what now needs to be done rather than just to sit back and "contemplate" what will happen[9]. This applies

(8) IUOTO (1968), p.32.

(9) Wahab (1975), p.171.

especially to the marketing and promotion of Turkey's tourism product. An integrated and dynamic marketing approach is therefore needed which Turkish tourist enterprises and organisations should adopt themselves and modify their service production activities in response to changes in demand and be ready to take advantage of opportunities to influence demand in the travel market in pursuing their aims. This is, of course, more than just a matter of attitudes towards tourists, generating markets, competitor receiving-countries and regional and international partners in co-operation. Besides this comprehensive approach there should also be included a readiness and ability to apply modern management techniques in the production of improved tourism service products, their planning, execution, control and marketing. The activities of the British Tourist Board and other individual tourist enterprises such as British Airways, Railways, Tour Operators and Travel Agents, Hotel Chains and Car-Rental Companies constitute a good model.

The leading role in such a comprehensive approach should initially be taken by the authorities, namely establishing a marketing department within the Turkish Ministry of Tourism and employing highly trained personnel from various backgrounds[10] to analyse, assess and formulate the markedly complicated and diversified tourism product and carry out studies on a comparative basis at national and international level in co-ordination and co-operation with the existing departments and other public authorites. This action of re-organisation in marketing should also be carried out at regional level of the main centres in conjunction with the local governments whose activities have so far been non-existent or totally inadequate. Financing such activities may seem to be costly, but in the light of tourism's profound and long-lasting socio-economic effects, it may prove to be most fruitful.

Although suggestions put forward earlier in this section are fully applicable to Turkey in the mid and long-term, the following actions based on this study must immediately be taken if the positive results

(10) Planners, economists, statisticians, architects, engineers, labour force experts, market researchers, sociologists and other related professionals on their merits, for example.

expected of tourism are to be realised in Turkey.

First of all, the supply of the tourism product, particularly appropriate accommodation capacity must be adjusted to the existing demand, followed by its development at international standard to the potential demand. This means a substantial increase in "undershooting" investments by both public and private sectors. It would be unrealistic, if not ridiculous, to adopt and carry out a policy producing a product which is not wanted in the market or comes in a different package unknown to tourists.

Secondly, all efforts led by the authorities and tourism offices abroad must be geared to the creation of an image for the country and liaison with tour operators and travel agents in the short term backed by efforts at home to gain repeat visits of tourists. Entry points, particularly airports need to be improved as the facilities and various operations involved are often unacceptable as observed.

Thirdly, tourism statistics, which are indispensable both for various research and policy formulation, are inadequate, misleading and on some issues more often non-existent in Turkey. This should be given top priority and appropriate action taken immediately as the direction of promotional and marketing activities and the identification of demand profiles to meet the requirement of tourists and the distribution of tourist expenditure among different sectors of the economy, are based on the availability and reliability of statistics(11). Moreover, any feasibility study or cost-benefit analysis based on these statistics would be totally misleading if not void, as most of the projections in the plans proved to be over-optimistic.

Fourthly, only limited progress will be made by Turkey in improving and understanding her performance in such a widely disparate and multifaceted activity as tourism unless increased assistance is sought from international agencies and unless some degree of regional co-operation with neighbouring countries is established on mutual

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(11) The guidelines for tourist statistics prepared by the secretariat of UNCTAD give valuable information on different methods which may be used in collecting and processing tourist data. See UNCTAD (1971)

interest. In this respect, conferences, seminars, art and music festivals, exhibitions and sporting activities can be considered as good examples. In fact, to some extent almost every aspect of tourism development is suited to a regional approach in which Cyprus offers a good opportunity. On the other hand, some regulatory measures on foreign tourist operators could probably be successful only through collective action with other countries within the region, say with Yugoslavia. Marketing programmes to complement and supplement the activities, tourism statistics compilation and treatment, minimum and maximum price levels for local tourist enterprises, standard booking procedures and communications, the terms of incentives, the design and marketing of circuit tours, and training are for example, areas in which Turkey could adopt a regional co-operation approach.

During this difficult period of Turkish history every policy decision taken must be considered within the unique socio-cultural structure of Turkish society and only on its full merits in order not to create resentment and polarization among the different groups of the population. The assessment of tourism's total impact on the nation must therefore, be undertaken in an iterative, regular basis rather than as a one-off, ad hoc study, as the science of ecology suggests that conditions and causes constantly change creating new opportunities and restrictions for enterprises in any given country or section of the economy within the country.

The real problem in carrying out such studies, however, may relate to the private tourist sector where owners are often reluctant to give any important information for various reasons. In carrying out surveys or detailed research among private tourist enterprises, the owners and management should be assured and convinced that individual information will not be revealed and only data in the forms of tables and other statistical indices will be published; that in no way will the information obtained be connected with taxation and exchange control; and more important, that the purpose of all exercises is primarily to assist the Turkish tourist industry to expand and to be more efficient. The representatives of the private sector such as Chambers of Commerce and Association of Turkish Industrialists and Businessmen (TÜSİAD) may have a role to play in this respect.

Finally one has to insist that the odd phenomenon of secrecy which seems to have been usually advocated to hide areas of inefficiency in the public sector, should disappear in the interest of encouraging more private research into the various aspects of the tourism sector.

Generally speaking, the primary objective should be export-led growth for Turkey's recovery, but precautionary efforts must be made in case of exhaustion. Tourism can be expected to contribute to this growth only if its overall comprehensive planning and marketing strategy is fully realized and integrated into the economy.

APPENDICES

Appendix 6.1 Comparative Coal Production and Reserves, 1977 (Million Tons)

Country	Production	Known Reserves	Total Resources
USSR	722.0	165.802	3,993.357
USA	607.9	317.451	2,285.763
China	460.0	300.000	1,011.000
Poland	186.1	32.425	45.741
England	122.2	98.877	162.814
India	99.8	21.365	80.953
South Africa	86.0	24.224	44.339
West Germany	84.6	98.877	162.814
Australia	78.4	25.540	111.865
Czechoslovakia	27.9	5.540	11.573
Canada	23.1	8.463	97.041
France	21.3	1.380	-
Japan	18.2	7.443	7.443
South Korea	17.0	.890	1.450
Spain	10.7	1.272	2.370
TURKEY	4.4	.191	1.291
Romania	7.3	.070	.590
Belgium	7.1	.253	.253
The World	2,475.948	1,076.661	8,134.374

Source : TÜSİAD, "The Turkish Economy 1980", İstanbul, July 1980, p.152.

Appendix 6.2 Production and Reserves of Lignite, 1977 (Million Tons)

Country	Production	Known Reserves	Total Resources
East Germany	253.7	30.000	30.000
USSR	162.8	107.402	1,720.324
West Germany	122.9	55.521	55.521
Czechoslovakia	93.2	8.234	8.234
Yugoslavia	38.6	17.894	21.647
Poland	37.7	6.449	14.862
Australia	30.3	48.801	86.702
Bulgaria	24.9	4.358	5.198
Greece	23.8	.908	1.575
Hungary	22.5	2.900	5.679
U.S.A.	23.0	46.112	638.746
Romania	19.3	1.367	3.900
TURKEY	8.2	2.702	5.991
The World	902.3	340.387	2,628.607

Source : TÜSİAD (1980), p.153.

Appendix 6.3 Per Capita Fuel Consumption in Selected Countries, 1977

Country	Fuel Consumption (Million Tons)	Per Capita Consumption (kg)
U.S.A.	867.3	3,980
Canada	85.4	3,744
Sweden	28.2	3,435
Denmark	16.6	3,223
Australia	37.9	2,779
Holland	37.6	2,738
Finland	12.5	2,654
Japan	260.1	2,306
West Germany	137.1	2,217
France	114.6	2,175
Norway	8.8	2,191
Switzerland	13.1	2,021
Italy	95.9	1,718
England	92.3	1,649
Spain	44.9	1,266
Greece	10.6	1,171
Portugal	7.1	812
Yugoslavia	13.9	645
TURKEY	16.8	418

Source : Petroleum Office, Turkey.

Appendix 6.4 Consumption Pattern of Oil Products in Turkey,1978

	%
Industrial (Fuel-oil)	38.9
Fuel-oil (Residential Heating)	6.5
Diesel Oil (Buses and Trucks)	27.7
Gasoline (Private cars)	5.6
Gasoline (Commercial Vehicles)	7.8
LPG	5.2
Naphta	2.3
Asphalt	2.1
Jet Fuel	1.2
Mineral Oil	1.1
Refinery Oil	1.0
Solvents	0.1
Others	0.1
TOTAL	100.0

Source : TPAO, 1980

Appendix 6.5 Workers' and Employers' Union in Turkey

Year	Workers' Union	Number of Members	Employers' Union	Number of Members
1973	637	2,658.4	104	9,842
1974	675	2,878.6	101	9,647
1975	781	3,328.6	107	8,943
1976	821	3,624.8	111	10,735
1977	863	3,807.6	118	12,514

Source : Ministry of Labour, Ankara.

Appendix 6.6 Collective Bargaining in Turkey, 1982-1979

Year	Number of Agreements			Number of Establishments			Number of Workers		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
1972	443	1,160	1,603	1,789	1,879	3,668	278,017	148,428	426,445
1973	551	1,370	1,921	4,211	2,098	6,309	249,901	193,389	443,290
1974	594	1,130	1,724	1,880	2,443	4,323	427,300	174,479	601,775
1975	297	1,597	1,893	1,051	3,877	5,928	91,316	209,002	300,318
1976	790	1,640	2,430	2,807	3,156	5,963	220,956	255,426	476,382
1977	573	1,659	2,232	2,498	3,681	6,179	369,324	220,774	590,098
1978	485	1,440	2,225	1,539	3,802	5,341	280,262	203,879	481,139
1979	774	840	1,614	5,279	17,978	23,257	99,802	298,103	397,905

Source : Ministry of Labour, Ankara.

Appendix 6.7 Turkey's Share and Rank in the Production of Selected Agricultural Products, 1979

Products	% Share in World Production	Rank in World Production	Export Proceeds ($ million)
Raisins	36.9	1	114.8
Figs	17.7	1	41.5
Hazelnuts	72.6	1	353.0
Opium	20.0	2	11.6
Peanuts	17.5	2	7.8
Sunflower	4.7	4	0.02
Olives	10.5	4	2.8
Olive Oil	9.2	4	38.8
Tobacco	3.6	6	177.0
Rye	1.7	6	6.5
Cotton	4.0	7	232.0
Grapes	4.9	7	1.6
Tea	2.9	8	3.3
Lemons	3.1	8	27.8
Wool	2.0	8	28.2
Wheat	3.1	8	208.3
Sugarbeets	2.3	11	1.3
Barley	1.9	12	1.8
Oranges	2.0	14	14.1

Source : TUSIAD (1980), p.151.

Appendix 6.8 Countries with Export Surplus in Agricultural Products, 1976 ($ millions)

U.S.A.	11,895
Brazil	4,847
Australia	4,828
Holland	2,893
Argentina	2,566
New Zealand	1,730
Thailand	1,637
Denmark	1,417
Malaysia	1,277
Philippines	1,260
Colombia	1,124
TURKEY	1,038
Canada	981
Ivory Coast	937
South Africa	815

Source : TÜSİAD (1980), p.147.

Appendix 6.9 Major Producers of Cereals, 1978 (000 tons)

Country		Production	%
1.	U.S.A.	273,346	17.3
2.	China	261,030	16.5
3.	U.S.S.R.	229,450	14.5
4.	India	140,647	8.9
5.	France	45,525	2.9
6.	Canada	41,686	2.6
7.	Indonesia	29,489	1.8
8.	Argentina	27,330	1.7
9.	Australia	25,494	1.6
10.	TURKEY	24,088	1.5
11.	West Germany	23,943	1.5
12.	Brazil	23,887	1.5
13.	Poland	21,535	1.4
14.	Thailand	20,154	1.3
15.	Bangladesh	19,314	1.2
16.	Romania	18,916	1.2
17.	Mexico	17,417	1.1
18.	U.K	17,092	1.1
	The World	1,580,822	100.0

Source : TÜSİAD (1980), p.419

Appendix 6.10 Cotton Producers, 1978 (Million tons)

Country		Production	%
1.	U.S.S.R.	8.500	22.5
2.	China	6.300	16.7
3.	U.S.A.	6.160	16.3
4.	India	3.750	9.9
5.	Pakistan	1.600	4.2
6.	Brazil	1.443	3.8
7.	TURKEY	1.339	3.5
8.	Egypt	1.175	3.1
The World		37.792	100.0

Source : TÜSİAD (1980), p.150.

Appendix 6.11 Production of Industrial Products, 1978-1979

Products		Unit	1978 Production	1979 Production	% Change
MINING					
Coal	(T)	1000 tones	4,295.2	4,051.4	-5.7
Lignite	(K)	1000 t.	9,326.4	11,051.0	18.5
Crude Oil	-	1000 t.	2,736.3	2,830.8	3.5
Chromite	(K)	1000 t.	212.3	177.3	-16.4
Copper	(T)	1000 t.	115.8	127.3	9.9
Allumina	(T)	1000 t.	74.3	75.1	-1.1
Volfram	(T)	1000 t.	18.1	260.0	1,436
Linkal	(T)	1000 t.	158.9	192.0	20.8
Colamanite	(K)	1000 t.	311.6	355.8	7.8
Sulphur	(KT)	1000 t.	20.0	21.0	5.0
Phosphate	(T)	1000 t.	23.6	26.7	13.1
ENERGY					
Electricity	(T)	6WH	21,726.1	21,726.1	3.7
FOOD					
Sugar	(T)	1000 t.	1,086.6	980.0	-9.8
Meat	(K)	1000 t.	63.6	55.7	-12.4
Milk	(K)	1000 t.	12.6	16.9	34.1
Dried Tea	(T)	1000 t.	89.0	302.0	14.6
Feed	(K)	1000 t.	291.8	272.3	-6.7

(continued. ...)

Production of Industrial Products (continued . . .)

Products		Unit	1978 Production	1979 Production	% Change
TOBACCO, BEVERAGES					
Filtered Cigarettes	(T)	1000 tonnes	28.0	28.9	3.2
Non-filtered Cigarettes	(T)	1000 t.	21.0	24.8	11.9
Raki	(T)	100M.L.	436.2	440.1	0.9
Vodka	(T)	100M.L.	53.4	53.1	-0.6
Beer	(K)	100M.L.	561.3	458.7	-18.3
Wine	(K)	100M.L.	69.0	66.1	-4.2
TEXTILES, LEATHER					
Cotton Yarn	(K)	1000 t.	37.9	44.3	16.9
Cotton Textiles	(K)	Mill.m.	200.3	190.2	-5.0
Woollen Yarn	(K)	1000 t.	4.2	3.6	-14.3
Woollen Textiles	(K)	Mill.m.	6.7	6.6	-1.5
Hand-made Carpets	(K)	1000 m^2	46.5	69.2	48.8
Machine-made Carpets	(K)	1000 m^2	126.2	110.0	-12.8
Shoes	(K)	1000 pairs	2,495.0	2,828.0	13.3
FORESTRY PRODUCTS					
Wood	(K)	1000 m^3	352.9	339.3	-3.9
PAPER					
Newsprint	(T)	1000 tones	77.6	88.8	14.4
Craft Paper	(K)	1000 t.	46.1	49.0	6.3
Cardboard	(K)	1000 t.	36.2	26.3	-27.4
Cigarette Paper	(T)	1000 t.	2.0	1.9	-5.0
TYRES					
Car Tyres	(T)	1000	1,737.0	1,388.8	-20.0
Truck Tyres	(T)	1000	1,061.4	1,160.7	9.4
Tractor Tyres	(T)	1000	403.8	392.9	-2.7
Tubes	(T)	1000	1,765.3	1,733.0	-1.8
CHEMICALS					
Borax	(KT)	1000 t.	21.1	35.8	69.7
Boric Acid	(T)	1000 t.	17.6	10.0	-43.2
Sodium-perborat	(K)	1000 t.	5.0	5.4	8.0
Salt	(K)	1000 t.	989.4	1,079.3	9.1
PVC	(K)	1000 t.	36.5	21.5	-41.1
Poliethylen	(T)	1000 t.	20.2	17.2	-14.9
Carbon Black	(T)	1000 t.	12.5	15.1	20.0
Synthetic Rubber	(KT)	1000 t.	15.5	23.7	52.9
Solistiren	(K)	1000 t.	7.9	9.0	12.9
Capro-lactain	(T)	1000 t.	12.7	16.4	29.1
PETROLEUM PRODUCTS					
Gasoline	(T)	1000 t.	2,066.1	1,847.5	-10.6
Diesel Oil	(T)	1000 t.	2,670.3	2,421.3	-9.3
Fuel Oil	(T)	1000 t.	5,797.3	4,564.7	-21.3
CEMENT					
Cement	(T)	1000 t.	15,344.0	13,811.0	-10.0
Acid Refracteries	(K)	1000 t.	35.0	36.1	3.1
Basic Refracteries	(K)	1000 t.	22.3	26.9	20.6
IRON AND STEEL					
Coke	(T)	1000 t.	1,761.0	2,040.0	15.0
Steel	(K)	1000 t.	1,652.9	1,892.0	14.5
Pipes	(K)	1000 t.	5.5	7.0	27.3
FERTILIZERS AND INTER-MEDIATE GOODS					
Ammonia	(T)	1000 t.	264.1	249.7	-5.5
Sulphuric Acid	(T)	1000 t.	282.9	293.6	3.8
Phosphoric Acid	(T)	1000 t.	127.6	164.9	29.2

(continued. ...)

Production of Industrial Products (continued. . . .)

Products	Units	1978 Production	1979 Production	% Change
FERTILIZERS cont. ...				
Ammonium Nitrate	(T) 1000 tones	1,265.4	1,662.0	31.3
Ammonium Phosphate	(T) 1000 t.	1,236.6	1,634.6	32.2
NON-FERROUS METALS				
Copper(Blister)	(T) 1000 t.	26.2	22.3	-14.9
Aluminium	(T) 1000 t.	34.4	31.8	-7.6
Zinc	(K) 1000 t.	17.3	17.2	-0.6
Ferrochromium	(T) 1000 t.	10.6	9.5	-10.4
Ferrochromium	(T) 1000 t.	25.0	23.9	-4.4
AGRICULTURAL MACHINERY				
Tractors	(T) Unit	17,772	14,487	-18.5
ROAD VEHICLES				
Trucks	(T) "	13,144	13,367	1.4
"Camionettes"	(T) "	6,880	8,568	24.5
Cars	(T) "	53,590	43,808	-18.3
Buses	(T) "	1,416	1,698	10.9
Minibuses	(T) "	3,155	4,211	33.5
RAILROAD VEHICLES				
Locomotives	(T) "	52	35	-32.7
Wagons	(T)	516	1,307	153.3

(T) Total production
(KT) A part of total production
(K) Production of public enterprises.

Sources : SPO, TUSIAD (1980), pp.179-181.

Appendix 6.12 Value of Production in Manufacturing Industry,1979 (Billion T.L.)

	MANUFACTURING INDUSTRY	1979	%
	Consumer Goods Industry	649.2	45.7
1.	Food	430.3	30.3
2.	Beverages	23.1	1.6
3.	Tobacco	46.9	3.3
4.	Textile and clothing	149.0	10.5
	INTERMEDIATE GOODS INDUSTRY	561.2	39.5
5.	Forest Products	87.8	6.2
6.	Pulp and paper	16.9	1.2
7.	Printing	20.7	1.5
8.	Hides and Leather	37.4	2.6
9.	Rubber	23.4	1.6
10.	Plastics	17.1	1.2
11.	Chemicals	60.3	4.2
12.	Petrochemicals	37.1	2.6
13.	Petroleum products	100.7	7.1
14.	Fertilizers	9.7	0.7
15.	Cement	18.6	1.3
16.	Clay and Cement Products	16.6	1.2
17.	Glass	8.8	0.6
18.	Ceramics	6.3	0.4
19.	Iron and steel	66.9	4.7
20.	Non-Ferrous Metals	32.8	2.3
	INVESTMENT GOODS	133.1	9.4
21.	Metal Products	47.8	3.4
22.) 23.)	Machinery	55.6	3.9

(continued. . . .)

Value of Production in Manufacturing Industry (Billion T.L.) continued ...

MANUFACTURING INDUSTRY	1979	%
24. Electrical Machinery	29.7	2.1
CONTROLLING APPLIANCES	78.1	5.5
25. Electronics	9.7	0.7
26. Road vehicles	55.9	3.9
27. Railway vehciles	5.0	0.4
28. Ship building	6.2	0.4
29. Others	1.3	0.1
TOTAL	1,421.6	100.0

Source : S.P.O, Ankara, 1980

Appendix 6.13 Milestones in Turkey - E.E.C. Relations

September 12, 1963 : The Turkey-E.E.C. Association agreement was signed in Ankara. The agreement which came into force on December 1, 1964 was based on article 238 of the Treaty of Rome. It laid down different stages for the development of the Association :

A preparatory stage (1964-1973),during which the Community helped Turkey to strengthen its economy by means of financial aid and tariff quotas imposed on tobacco, dried grapes, dried figs and hazelnuts which represent 40% of Turkish agricultural exports to the Community.

A transitional stage enabling a customs union to be established in 12-22 years according to the products.

A final stage providing the possibility for Turkey to accede to the Community once the economic policy of both partners have been coordinated.

The first financial protocol was signed at the same time as the Ankara agreement. It provided Turkey with aid and loans under special terms totalling 175 million Units of Account (between 1964 and 1969).

November 23, 1970 : The additional protocol, proclaiming the opening of the transitional stage, which would eventually enable the two partners to make progress along the road to a full customs union was signed in Brussels. (It came into force on January 1, 1973). The Second Financial Protocol was also signed the same day, enabling an amount of 210 million Units of Account to be committed to Turkey until May 23, 1976. (This amount was raised to 257 million Units of Account following the Community's enlargement).

January 1, 1973 : As called for under the Additional Protocol, Turkey started to carry out reductions in customs duties for goods of E.E.C. origin. Duties were decreased by 20% for products which must be completely liberalized in 12 years and by 10% for products to be liberalized in 22 years.

January 1, 1976 : Turkey applied the second reduction in duties, as called for under the Additional Protocol.

Late 1976 : Relations between Turkey and the Community were strained because of special problems. While the Association Agreement and the Additional Protocol provided for the gradual introduction of the free movement of workers between December 1, 1976 and December 1, 1986, some Community members refused to go along because of their unemployment problems. The Community furthermore, was not in a position to satisfy all Turkish requests relating to financial cooperation and the re-examination of agricultural concessions.

December 20, 1976 : At the Association Council meeting Turkey and the E.E.C. reached a series of partial agreements, to sign the third financial protocol and to adopt preliminary measures in the field of free movement. The Community also showed its willingness to develop its cooperation with Turkey, while accepting that there could be a certain amount of flexibility in the timetable of customs union, in keeping with Turkey's specific problems.

January 1, 1977 : Turkey postponed the tariff adoptions. Under the Additional Protocol, the first planned alignment of Turkey's external tariff with that of the Community in relation to non-member states was scheduled to be put into operation on this date.

February 3, 1977 : The Third financial protocol was initiated. It represented a commitment of 310 million Units of Account until December 31, 1981: 30 million were in the form of loans from the European Bank, granted on its own resources, 220 million in the form of loans on special terms granted by the E.I.B. on a mandate from the Community.

March 15, 1977 : The Association Committee met to discuss the issue of Turkish cotton yarn exports to the Community. It argued that the rapid volume increase at low-selling prices of these exports was creating difficulties for undertakings in the Nine.

January 1, 1978 : Turkey postponed the application of the third reduction of 10%. (The Turkey-E.E.C. Association Committee agreed in February to this postponement).

May 25, 1978 : Ecevit who was Premier then, paid an official visit to Brussels for talks with senior E.E.C. officials. There, he offered a three-point package. Firstly, the E.E.C. should give Turkey considerably more rights than she allows non-member states, and should stand firm on this principle. Secondly, the E.E.C. should not prevent Turkey from developing into an exporter of industrial products. There will have to be a guarantee that Turkish industrial exports to the Community will not be restricted. Thirdly, Turkish workers' premiums in E.E.C. countries should be transferred to Turkey and the Turkish workers in the Community area should enjoy the same rights as workers from Community countries. Ecevit also proposed a new scheme to help develop Turkish industry : joint investment in Turkey with Turkish manpower, E.E.C. technology and primarily the petrodollars of oil-rich countries.

October 29, 1979 : Turkey's new premier Demirel announced his Government's intention to revitalize Turkey's relations with the Community.

February 6, 1980 : The Turkey-E.E.C. Association Council met in Brussels after a break of nearly four years. Turkish foreign minister, Hayrettin Erkmen, told a press conference that Turkey would soon apply for membership to the Community.

September 12, 1980 : Pro-western Military Coup took place, and thereafter the generals, fearing, future Greek obstructive tactics, gave military-style directives that the country be prepared for eventual full membership - though nobody really expects that it will be granted before the year 2000. Besides, while the military government is in control, which is most likely to remain until at least the mid 1980's, there is no question of Turkey being admitted to the European club of democracies.

Source : TÜSİAD (1980), pp.231-233.

Appendix 6.14 Foreign Investment Law and Incentives for Investors

The general law relating to foreign investment is Law No. 6224, enacted in 1954. It is held to be one of the most liberal towards foreign investment operating in any country. Theoretically, it confers on foreign capital, the same rights and obligations as local capital, and guarantees transfer of profits, fees and royalties, and repatriation of capital in the event of liquidation or sale.

Turkey has also a complicated system of incentives designed to encourage investments and exports, subject to review every year. The incentives change from sector to sector and are not properly codified. They are open to foreign and Turkish businessmen on an equal basis. Some of the incentives can be outlined as follows :

- Customs exemption of between 60 and 80 per cent for capital goods.
- The payment of customs duties by instalments over five years.
- Investment allowance of up to between 30 and 60 per cent of total investment.
- Exemption from the construction tax which is 2 per cent of the total cost construction.
- Exemption from tax duties and excises.
- Refunding of some interest on medium-term credits.
- Availability of foreign credits in cash and kind.
- Foreign exchange allocation from special quotas.
- Enacting amendments in tax rates and tariff notes of goods included in the customs entry tariff table.
- Exemption from taxes and stamp duties in export loans.
- Instalments of up to five years of the direct taxes incorporated in the costs of investment goods manufactured and produced in Turkey.

There are also a number of incentives intended to encourage exports.

Source : Financial Times, September 25, 1981.

Appendix 7.1 Nights Spent by Foreign Tourists in Registered Accommodation According to Main Tourist Nationalities, 1977-1979

	1977		1978			1979		
	Nights	Relative Share %	Nights	Relative Share %	% Variation over 1977	Nights	Relative Share %	% Variation over 1978
Germany	277,568	20.3	367,741	20.0	+32.5	299,399	18.4	-18.6
France	203,041	14.9	331,974	18.0	+63.5	303,627	18.6	- 8.5
U.K.	121,836	8.9	130,031	7.1	+ 6.7	99,100	6.1	-23.8
Italy	98,511	7.2	154,074	8.4	+56.4	101,020	6.2	-34.4
Scandanivia	63,494	4.6	83,220	4.5	+31.1	73,844	4.5	-11.3
Total Europe	916,666	67.1	1,305,944	71.0	+42.5	1,081,767	66.3	-17.2
Canada	9,031	0.7	8,865	0.5	- 1.8	8,364	0.5	- 5.7
U.S.A.	124,739	9.1	132,319	7.2	+ 6.1	109,572	6.7	-17.2
Total N. America	133,770	9.8	141,184	7.7	+ 5.5	117,936	7.2	-16.5
Japan	21,634	1.6	15,672	0.8	-22.6	14,690	0.9	- 6.3
Total O.E.C.D.	1,072,070	78.5	1,462,800	79.5	+36.4	1,214,393	74.4	-17.0
Yugoslavia	20,111	1.5	31,068	1.7	54.5	29,221	1.8	- 5.9
Total Non-O.E.C.D.	293,481	21.5	377,686	20.5	+28.7	416,961	25.6	+10.4
Grand Total	1,365,551	100.0	1,840,486	100.0	+34.8	1,631,354	100.0	-11.4

Source : O.E.C.D., "Tourism Policy and International Tourism in O.E.C.D. Member Countries", Paris, 1979 and 1980.

Appendix 7.2 Distribution of Foreigners Arriving in Turkey by Place of Arrival and Means of Transport, 1980

Provinces	Means of Transport				Total	%
	Air	Land	Rail	Sea		
Adana	10,803	-	-	-	10,803	0.8
Ağri	-	54,707	-	-	54,707	4.3
Ankara	28,279	-	-	-	28,279	2.2
Antalya	4,143	-	-	760	4,903	0.4
Aydin	-	-	-	179,622	179,622	14.0
Balikesir	-	-	-	78	78	0.0
Çanakkale	-	-	-	163	163	0.0
Edirne	-	272,429	73,800	-	346,229	26.9
Gaziantep	-	24,514	24,400	-	48,914	3.8
Hakkari	-	251	-	-	251	0.0
Hatay	-	69,684	-	57	69,741	5.4
İçel	-	-	-	22,418	22,418	1.7
İstanbul	250,505	-	-	174,062	424,567	33.0
İzmir	18,316	-	-	28,046	46,362	3.6
Kars	-	-	311	-	311	0.0
Kirklareli	-	26,269	-	-	26,269	2.0
Mardin	-	6,107	-	-	6,107	0.5
Muğla	-	-	-	17,919	17,919	1.4
Tekirdağ	-	-	-	62	62	0.0
Urfa	-	355	-	-	355	0.0
Total	312,046	454,316	98,511	423,187	1,288,060	100.0
%	24.2	35.3	7.6	32.9	100.0	

Source : General Directorate of Security, Section IV.

Appendix 7.3 Demand Analysis of Tourism to Turkey (Tour Operators/ Travel Agents in the U.K.), 1980

(A) Questionnaire

1. Name of tour operator/travel agent.
2. Address :
3. When did you start offering holidays to Turkey?
4. Which tour operator(s) do you co-ordinate with for your holidays to Turkey?
5. Which countries do you deal with primarily?
6. Approximately how many people booked their holiday with you last year?
(a) To Turkey?
(b) To other destinations? TOTAL :
7. Please state the top five countries in order of popularity : Where does Turkey stand ?
8. What kind of package tours do you offer to Turkey?
   - Inclusive tours by air charter - One destination, - More than one.
   - Cruises; - Inclusive coach tours; - Business travel.
9. Do you offer holidays to Turkey designed for specific market segments, e.g. senior citizens, single people,skiers etc.? If so, what are these segments and how are they promoted?
10. Which of the following types of accommodation are offered in package holidays in Turkey? Could you place them in order of popularity?
    - Hotel
    - Private houses
    - Self-catering
    - Camping
    - Other.
11. How is the trend in holidays to Turkey ?
    - Declining
    - Static
    - Gradual growth
    - Rapid growth.
12. What is the price range of package tours to Turkey offered by your agency?
13. What do you think tourists to Turkey are looking for in their holiday? Would you care to put them in order of popularity?
    - Rest and recreation
    - Sun and beach
    - Culture and custom
    - Cheap food and drink
    - Historical attractions
    - Any other attractions.
14. What do you think are the main problems in developing tourism to Turkey, and what steps could be taken to help solve them ?
15. How do you see the future of the international travel market to Turkey? What changes do you anticipate in customer preference regarding package tours to Turkey ?
16. Do you consider you have particular advantages compared to your competitors in the travel market to Turkey? If so, what ?
17. Are there any other comments you would like to make?
18. If necessary, would you be prepared to offer further assistance, e.g. to be interviewed?

Could I please have some publicity material ?

(B) Results

A copy of the questionnaire was sent to each of the travel agents and tour operators in Britain which offer holidays to Turkey. These agencies were featured in "Guide to Turkish Holidays" as supplied by the Turkish Tourism and Information Office in London in 1980.

Sadly the response was very poor and a total of five questionnaires were completed and returned for analysis which was no more than 22 per cent of the sample. This may reflect the degree of indifference towards Turkey as a tourism destination, and perhaps indicates the lack of knowledge and information available to travel agents and, in turn, to the potential tourist to Turkey.

It was very noticeable on examining the completed questionaires that four out of the five operators and agents had been dealing with holidays to Turkey for no more than 12 years. Only one company dealt exclusively with Turkey while the remainder promoted travel to Mediterranean countries or indeed world-wide. In most of these cases, Turkey was very low in the popularity rating as a tourist destination, and in each instance the number of bookings received did not exceed 350, the average being about 100 bookings. The observed state of tourism growth in Turkey varied downwards from gradual to declining which must be an indication that, from Britain's point of view, the Turkish tourism industry is deteriorating or at best, not progressing at any significant rate. Throughout the survey every agent or operator was in agreement over the reasons for this lack of progress, namely the serious and unstable economic and political conditions of the country (dealt with in Chapter 6). Other reasons given were quite clear : lack of tourism promotion and an indifference towards the marketing of holidays to Turkey in any form; overbooking of airlines and constant fluctuations in fares and hotel rates; poor airport facilities.

Turkey is seen as being very ill-prepared to receive and accommodate tourists, and this fact is reflected in the type of accommodation which tour operators are able to offer their customers. Hotels are by far the most popular, as self-catering facilities are rarely available. In the case of one company, however, bungalows are the only means of accommodation provided, but this particular type of holiday is virtually self-contained and as they themselves explained "the attraction is a holiday with the company rather than a holiday in Turkey".

Depending of course on the type of package featured in the brochures, prices varied considerably from £195 to £600, the most popular method of travel being the inclusive tour by air charter.

When asked what tourists were looking for in their holidays to Turkey, two features were of major importance; the culture and customs of the country and its historical attractions (wanderlust tourism). "Sun and beach" in most cases came fairly low in the rating. These observations must be considered significant in assessing Turkey's potential as a tourism receiving country. They indicate that more of Turkey's tourist attractions desparately need to be developed and promoted by Turkey itself and in turn by tour ooperators and travel agents throughout her main tourist-generating countries. Turkey's Riviera, for example, along the South-coast has many attractive resorts where the main sources of enjoyment and relaxation are the sun and beautiful beaches (sunlust tourism). As it is,these valuable features do not receive the degree of attention desired as the facilities offered at these resorts are not sufficiently well equipped or of a high enough standard to cope with the influx of the popular package tours market. Instead these resorts are mainly exploited by Turkey's own domestic tourists. As the representative of one of the companies stated, "Turkey would do better to project itself as an alternative to Greece".

From the total number of questionnaires completed, a consistent impression can be formed that Turkey has not yet succeeded in establishing itself as a recognised destination for package tours and that it is not likely to do so for some time. Most tour operators are merely experimenting with Turkey and are in the main still in the process of sounding out the market. They are unfortunately hindered by Turkey's indifference to its need for good publicity and self-projection in a light which would be attractive to the foreign tourist.

All the questionnaires highlighted the same problems and consequently similar solutions were put forward, such as the improvement of the economic situation, stabilization or eradication of political unrest, better planning in the marketing of Turkey's tourist attractions, a marked increase in the efficiency of travel agents within Turkey and more specifically the further development of the Turkish tourism product with possible emphasis on the introduction of two-centre holidays.

If there is an improvement in the general condition of the country as a whole and in the development process and future organization of the industry, tourism to Turkey on a more competitive scale may evolve within the next two or three years but, if this sample of opinion within the world tourist industry is anything to go by at the beginning of the present decade, the future does not seem optimistic unless necessary precautions are taken promptly.

Appendix 7.4 Analysis of the International Tourism Market in Turkey
A Case Study of Bursa

(A) Questionnaire

1. a) Nationality : b) Occupation : c) Age .
2. What is the main reason for your stay in Bursa?
   a) Touristic : b) Other (Please specify) : .
3. Is this your first visit to Bursa? a)-Yes : b)-No : .
4. How many times did you visit Bursa before? a)-Once : b)-More than once : .
5. For how many days are you going to stay in Bursa?
6. By what means of transportation did you arrive ? a)-In Turkey :
   b)-In Bursa : .
7. Did you stay a few days in some other countries before coming to Turkey ? a)-Yes(State which) : b)-No :
8. Are you going to spend a few days in some other countries after leaving Turkey? If yes which and, for how long ?
9. Did you spend a few days in some other places in Turkey before coming to Bursa? If yes, where ?
10. What are the factors that influenced your decision about coming to Bursa? a)-Recommendation of friends/relatives; b)-Invitation of friends from Bursa; c)-Advertisement in your country; d)-Included in the programme organised by a travel agency; e)-Shopping intentions; f)-Suggestion of a travel agency; g)-A wish to see the town; h)-Need for rest; i)-Others (Please state).
11. With whom did you come to Bursa?
12. Where are you staying while in Bursa? a)-In a hotel; b)-Pension; c)-Motel; d)-Private rental; e)-Student-Youth hostal; f)-With friends.
13. Where do you eat most frequently while in Bursa? a)-In a restaurant; b)-Self-service; c)-In a pension; d)-Self-cater; e)-Other (Please specify).
14. Have you used or do you intend to use, some of the possibilities of sightseeing and entertainment while in Bursa? a)-Going to concerts; b)-Cinema etc.; c)-Watching sports; d)-Going to museums, historical places etc.; e)-Swimming; f)-Exhibitions and festivals; g)-Restaurants; h)-Cafes; i)-Disco and night clubs; j)-Other (Please specify).
15. Have you changed any money? If yes, how much? a)-In Turkey; b)-In Bursa.
16. Have you bought (or going to buy) any of the following products in Bursa? a)-Leather goods; b)-Furs; c)-Jewellery; d)-Textile products; e)-Glass, crystal; f)-Liquor; g)-Cigarettes; h)-Rugs; i)-Souvenirs, -metallic, -ceramic, -wooden.
17. What were your expenses during this stay in Bursa?
18. Were your total expenses in Turkey higher, less than or just about as expected?

19. What would be your general opinion on Turkey and Bursa with respect to :

	Exel (5)		Good (4)		Average (3)		Poor (2)		V.Poor (I)	
	Turkey	Bursa	T.	B.	T.	B.	T.	B.	Turkey	Bursa
a. Accommodation (hotel, motel etc)										
b. Food										
c. Public transport										
d. Entertainment										
e. Public conveniences										
f. Local attitude										
g. Service in restaurants										
h. Shop supply (variety)										
i. Service in shops										
j. Traffic circulation										
k. Sightseeing										
l. Information										
m. Red tape										

20. Please briefly criticise the following statements considering Bursa :
    a)-The things that you like : b)-You dislike : .
21. Would you recommend a)-Turkey? b)-Bursa?
22. Would you like to return to a)-Turkey? b)-Bursa?
23. Are Turkey and Bursa known among your friends?
24. Please state the population of the town you live in : a)-Up to 10,000; b)-10,000-99,999; c)-100,000-499,999; d)-500,000-Over.

(B) Results

With a view to obtaining a clearer picture of the condition of tourism in Turkey as seen through the eyes of the tourist, a questionnaire was distributed and completed by a total of fourteen tourists in Bursa, a touristic city rich with historical heritage in the northwest of Turkey. Another important aim of the survey was to establish a profile of the tourist to Turkey, thus indicating Turkey's main tourist attractions and pinpointing areas which require attention in the development of the tourist industry in Turkey.

It must be said, however, that due to the poor response to the questionnaires, the survey has limitations. A more accurate impression would have been gained with the participation of a much larger cross-section of the tourist population in Turkey, but to obtain statistics on such a scale would have been a mammoth task.

The 14 questionnaires were completed by a variety of tourists of different ages and nationalities.

Nationality		Ages
English	(3)	70,20,19
Austrian	(1)	24
Belgian	(1)	21
German	(6)	24-27
French	(1)	60
Dutch	(2)	26,28

As indicated above twelve out of fourteen tourists were between the ages of 19 and 28. Almost all of these were students illustrating that this is the group of tourists most attracted to holidaying in Turkey and in this particular case, Bursa.

It is easy to understand why students form the bulk of the tourist influx to Turkey as they have a real taste for adventure or rather they have the so-called "wanderlust". Few foreign tourists take a holiday in Turkey in search of sunshine and beautiful beaches as these attractions are of secondary importance.

The most popular attraction by far, was sightseeing visiting museums and historical places and the main reason why these tourists had come to Bursa was simply a desire to see the town. Other reasons for their visit or stay were as follows, in order of importance :

a. Recommendation of friends/relatives.
f. Suggestion of a travel agency.
b. Invitation of friends from Bursa.
i. Other reasons e.g. mention in Student Guidebook (Bursa referred to as place of interest).

For everyone, it was their first visit to Bursa and no one planned to stay longer than a week. Several had only made a day trip to Bursa, having spent the main part of their holiday in İstanbul. Alternatively, others had included Bursa in a tour of cities and resorts such as İzmir, Antalya and Konya and many other smaller towns. In addition, most people had been to several countries before visiting Turkey and these were again predominantly students, perhaps indicating that they were merely including Turkey in a tour of Europe or the Middle East. This type of holiday is attractive to students as it usually means they are travelling light from place to place preferring to see as much of the country as possible rather than spending a concentrated and set period of time in one place which is a major feature of "sunlust tourism". Similarly, tourists to Turkey often choose to travel overland by coach or train or indeed to hitch-hike rather than travel by plane because they are of course cheaper modes of transport and because they prefer to view the landscape and tour places of interest as they go.

As far as accommodation facilities are concerned all but one candidate had stayed in hotels. This is not surprising as other types of tourist accommodation facilities in Bursa are scarce and not well developed in Turkey as a whole excluding the well-known tourist resorts on the Aegean and Mediterranean coast and even there, further development is needed. As a result of tourists using hotel facilities, eating out in restaurants and cafes was a popular source of entertainment and Turkish cuisine was amongst the list of things which the tourist most enjoyed about his holiday to Turkey.

In order to illustrate how each of the candidates felt about their holiday, they were asked to complete a table which required each person to rate several aspects according to their individual experience. A similar table is set out below showing the totals taken from the fourteen questionnaires.

Question 19	Excellent (5)		Good (4)		Average (3)		Poor (2)		V.Poor (11)	
Aspect	Turkey	Bursa	T.	B.	T.	B.	T.	B.	T.	B.
a. Accommodation	0	0	6	4	5	3	0	1	0	0
b. Food	1	2	7	6	2	2	1	1	0	0
c. Public transport	4	1	3	4	1	0	0	0	1	1
d. Entertainment	1	0	1	0	1	1	2	2	1	1
e. Public conveniences	0	0	0	4	4	2	4	2	1	1
f. Local attitude	2	3	3	5	2	1	2	1	0	0
g. Service in restaurants	0	1	7	6	2	2	0	0	0	0
h. Shop supply	2	3	7	7	1	1	1	1	0	0
i. Service in shops	1	1	9	9	0	0	1	1	0	0
j. Traffic circulation	1	0	0	2	6	6	1	1	3	3
k. Sightseeing	1	2	8	8	0	0	0	0	0	0
l. Information	4	8	3	1	3	1	0	0	0	0
m. Red-tape	0	0	2	1	0	0	0	0	0	0

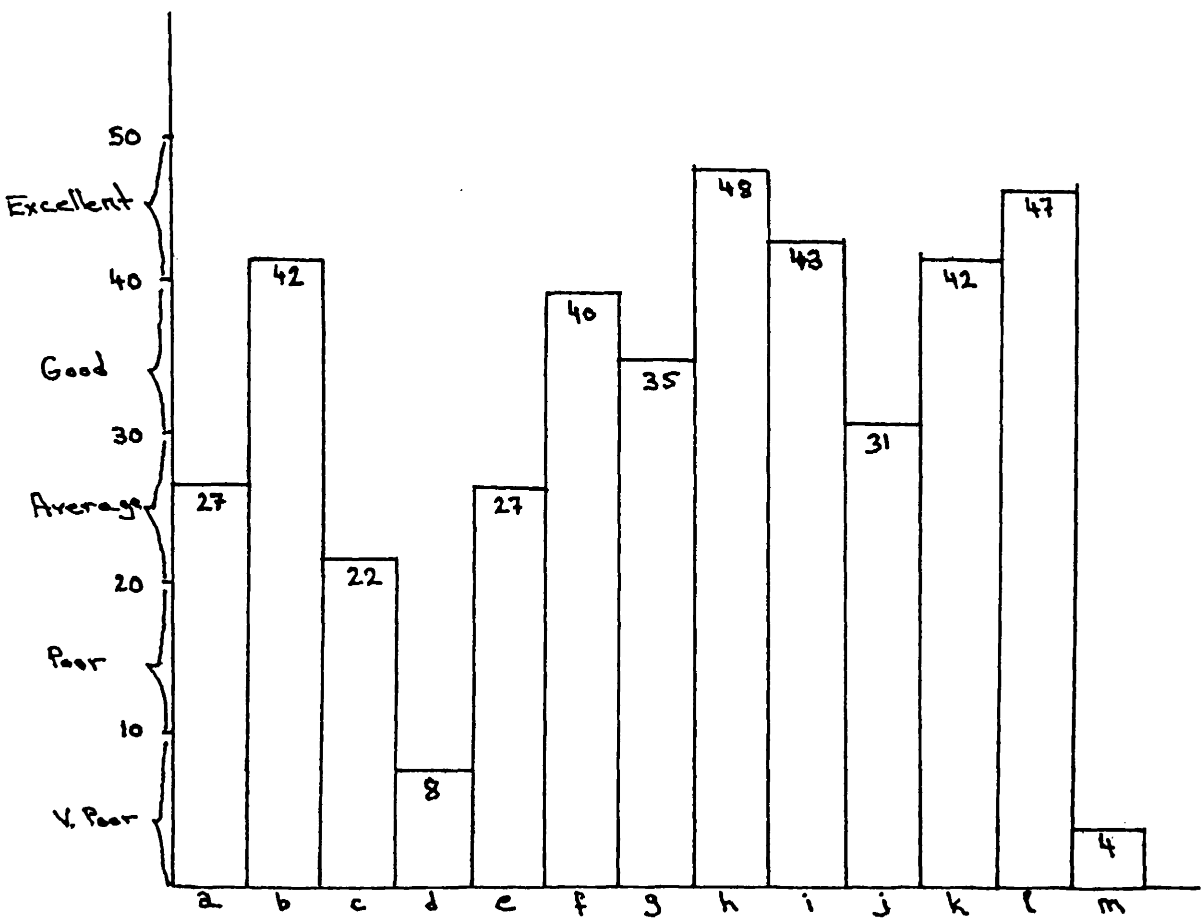
The above table was completed by each candidate who placed ticks in the appropriate boxes as required by the question 19. Each of these were counted to give the numbers as shown above.

From the table above it was possible to calculate scores and to illustrate the result in bar charts both for Bursa and Turkey, respectively.

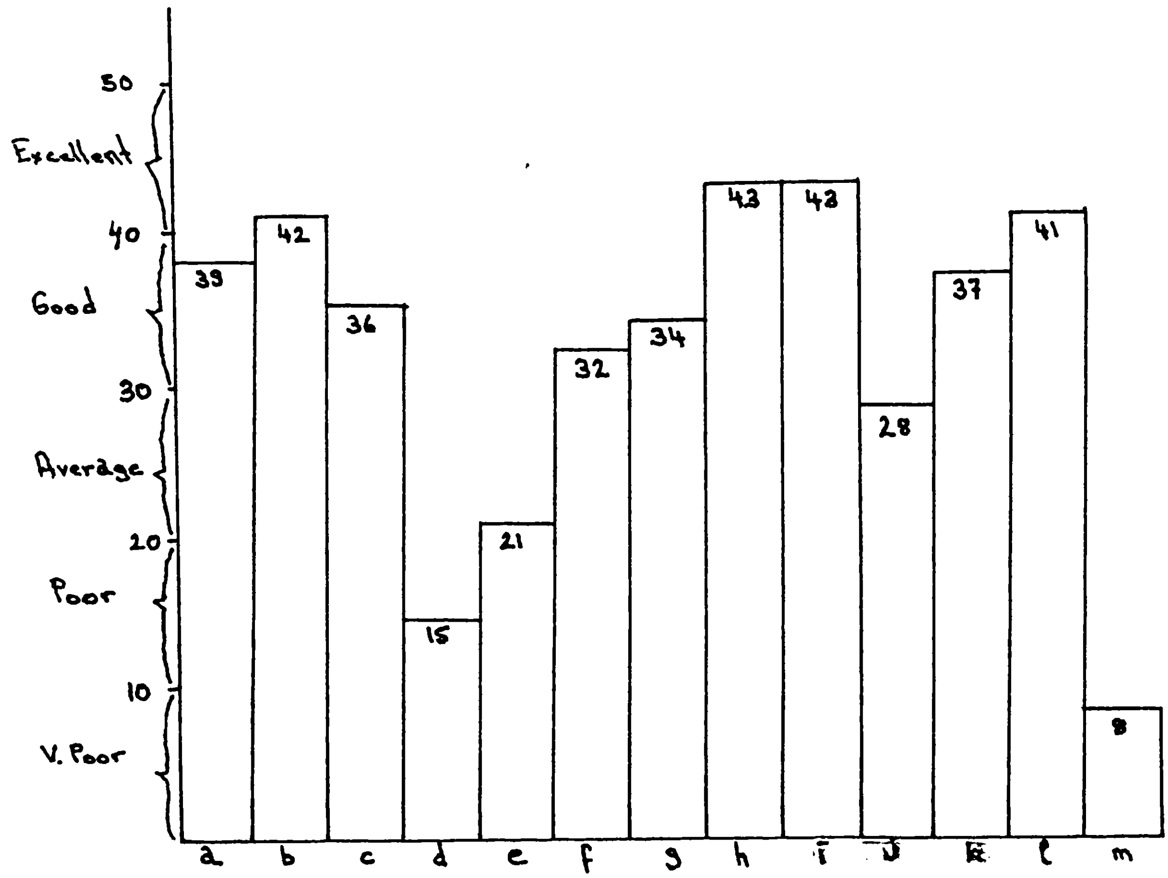
Scores calculated from Question 19.

	Turkey	Bursa
a. Accommodation	39	27
b. Food	42	42
c. Public transport	36	22
d. Entertainment	15	8
e. Public conveniences	21	27
f. Local attitude	32	40
g. Service in restaurants	34	35
h. Shop supply	43	48
i. Service in shops	43	43
j. Traffic circulation	28	31
k. Sightseeing	37	42
l. Information	41	47
m. Red-tape	8	4
TOTAL	419	416
$\bar{x}$	32.2	32

(A) Bursa's rating



(B) Turkey's rating



In comparing the bar charts of Bursa's rating as against Turkey's it is immediately clear that they are very similar in pattern. For example c, d and e have low scores on both charts indicating that Turkey as a whole has little to offer in the way of varied entertainment for the tourist and also that the public transport system and public facilities are not as good as they might be. Tourists complained of traffic noise, dirt and litter everywhere.

On the other hand, some aspects seem to have made a much better impression on the tourist such as Turkey's food, as mentioned earlier, and shops, sightseeing and information are rated higher. This analysis is perhaps only a rough guide to Turkey's good and bad features through the eyes of the tourist but again a more accurate and realistic impression would have been achieved with a larger cross-section of the tourist population in Turkey.

It was evident from the survey that tourists had not planned to spend a great deal of money in Turkey. As the majority of them were students, this is understandable. Shopping had obviously not been the most popular of passtimes. Cigarettes were the most common items purchased although one or two had bought textile products or glass or china ware. Some had bought nothing at all. One factor which may have influenced this minimal expenditure was that most tourists found their expenses to be higher in Turkey than anticipated caused by the high inflation rate and depressed economic situation in general. Another reason could have been that most of them were students on a limited budget preferring to spend their money on actual travel and experience, probably travelling light with little or no capacity for carrying purchases of any kind which is a most distinguishable characteristic of the "explorer" or "drifter" type of "wanderlust" tourist.

Despite any disappointments, nearly everyone who completed the questionnaire said they would recommend Bursa and Turkey as a whole and added that they themselves would like to pay a return visit. Their families at home knew little about Turkey and very few had ever heard of Bursa thus proving that Turkey desperately needs to market itself abroad and spread information about the nature of the country and its people. Without the creation of this initial awareness, it is difficult to build a potential tourist market to Turkey.

Communication between Middle East and West has been so poor over the years that sadly, Western society still sees Turkey in a somewhat outmoded and outlandish light thus discouraging travellers other than those with a genuine "wanderlust".

Until Turkey has learned to project itself as a destination for "sunlust" tourists, drawing attention to its beautiful climate and coastal resorts and until the country has changed its indifferent attitude to the industry in general, there is little hope of a significant change in the number and type of tourists travelling to Turkey, despite her great potential for tourism development.

Appendix 8.1 Relative Supply of Accommodation in Selected Countries, 1968

Country	No. of beds per 1000 population	No. of beds per 1000 tourist arrivals
Yugoslavia	3.85	54.5
Bulgaria	3.42	22.2
Cyprus	10.01	117.3
Greece	8.54	98.9
Hungary	1.55	3.8
Israel	10.88	72.6
Italy	13.53	61.6
Malta	39.89	48.3
Portugal	8.88	29.1
Romania	3.25	33.3
Spain	10.48	21.5
Turkey	0.47	28.6

Source : IUOTO, "Economic Review of World Tourism, 1970", Geneva 1970, Table 19, p.26 and Appendix I.

Appendix 8.2 Capacity of Hotels and Similar Establishments in Selected Countries, 1978-1979 (000's of Beds)

Country	1978	1979	% change
Austria	655.5	666.3	+ 1.6
Finland	54.4	57.4	+ 5.4
France	900.0	931.1	+ 1.5
Germany	1,020.0	1,032.6	+ 1.4
Greece	246.0	265.6	+ 7.5
Ireland	-	47.1	+ 4.0
Italy	1,535.4	-	-
Portugal	99.9	99.9	+ 0.1
Spain	975.9	976.7	-
Yugoslavia	267.6	263.8	- 1.4
TURKEY	45.6	47.2	+ 3.5

(-) not available

Source : O.E.C.D. (1979) and (1980).

Appendix 8.3 Incentives for Foreign Investors in Tourism

Tourism, one of the least developed and highest potential areas of the Turkish economy, is being given top priority in the new drive to attract foreign investors.

Problems of infra-structure and communications, low return on investment, bureaucracy, political instability, terrorism and a host of other disadvantages have impeded the development of this beautiful country.

Of the 104 joint ventures operating in Turkey only seven are in tourism. The Government has tried to encourage tourism by creating a number of incentives. The new framework decrease affecting foreign capital has lifted the limitations imposed on foreign investors in capital and equity. Foreign investors are now free to invest as much as they choose and own up to 100 per cent of equity. The incentives include the following :

1. State property is allocated on a long-term(40 to 99 years)low-rent basis;
2. An amount equal to 40 and 60 per cent of the total investment cost is deductible from taxable corporate income;
3. Exemption from import duties and building licence fees, taxes etc.;
4. Twenty per cent of foreign exchange earnings are exempt from tax;
5. Up to 7 per cent of the foreign currency earned in a year may be retained to meet import needs;
6. Availability of Tourism Bank loans at 12 per cent interest and 20-year term with a five to six-year grace period.

Investments also benefit from customs exemption, investment reduction, and return of interest rate difference for medium-term credits.

Source : Financial Times Survey, Friday, September 25, 1981.

Appendix 8.4 Costs and Returns of State-Owned Accommodation Establishments in Turkey in the 1960's

	No. of Beds	No. of Rooms	Cost of Construction (current TL)	% Profit	% Import Content (9TL = 1 $)
İstanbul Hilton (H)	834	381	100,321,697	7.9	13.9
B. Tarabya (H)	522	234	103,142,756	0.5	21.8
B. Efes (H)	595	272	98,623,045	2.8	24.7
Çelikpalas (H)	259	112	24,466,627	2.0	n.a.
B. Ankara (H)	317	139	89,754,802	0.7	14.1
Stad (H)	493	225	38,000,000	n.a.	13.9
Foça (HV)	342	342	23,417,927	6.4	12.5
Kuşadasi (HV)	420	420	24,277,435	7.7	12.4

Source : State Pension Fund; (H) = Hotel; (HV) = Holiday Village.

Appendix 8.5 Costs and Returns of Private Accommodation Establishments in Turkey in the 1960's

Establishment Type	Average Cost per bed (TL 1000s)	Ratio of Annual Profitability (%)
Luxury 1st Class Hotel	100-60	7-10
2nd Class Hotel	50-30	8-10
3rd Class Hotel	30-20	8
4th Class Hotel	20-10	10
1st Class Motel	25-15	8-10
2nd Class Motel	20-10	10-12
Boarding Houses	10-5	10-12
Camping Sites	5	10-12
Vacation Villages	20-10	10-12

Source : Based on figures supplied by Turkish Chambers of Commerce quoted "Turkish Economic Review", Vol.10, No.12, March 1970,p.36.

NB: (i) Figures are necessarily approximate, being averages of widely dispersed experience among establishments, and different accounting methods.

(ii) Land is not included among cost items.

(iii) Costs encompass construction, furnishing, installation, equipment operation and project items.

Appendix 8.6 Targets and Realization of Turkish Travelling Expenditure Abroad, 1963-1980(Mn.$)

Years	Plan Objectives	Realised Expenditure	% Rate of Change	% Rate of Realization
1963	20.0	20.5	-	102.5
1964	21.0	21.8	6.3	103.8
1965	23.0	24.3	11.5	105.7
1966	25.0	26.3	8.2	105.2
1967	28.0	26.8	1.9	95.7
1968	45.0	33.4	24.6	74.2
1969	50.0	42.2	26.3	84.4
1970	55.0	47.7	13.0	86.7
1971	60.0	42.2	-11.5	70.3
1972	65.0	59.3	40.5	91.2
1973	62.2	93.0	56.8	149.5
1974	70.2	151.8	63.2	216.2
1975	79.3	155.0	2.1	195.5

(continued . . . .)

Appendix 8.6 Targets and Realization of Turkish Travelling Expenditure Abroad, 1963-1980 (Mn.$) continued . . .

Years	Plan Objectives	Realised Expenditure	% Rate of Change	% Rate of Realization
1976	89.6	207.9	34.1	232.0
1977	101.6	268.5	29.1	264.3
1978	183.1	102.5	-61.8	55.9
1979	188.6	95.1	- 7.2	50.4
1980	196.5	114.7	20.6	58.4
Total	1,363.1	1,533.0	10.0	112.4
1963-1970	267.0	243.0	11.1	91.0
1971-1980	1,096.1	1,290.0	10.5	117.6

Source : M.T.I., Ankara, 1980.

Appendix 8.7 Investments in Tourism Sector in Turkey 1967-1982 (T.L. Million, 1976-1982 Projections)

	Direct(a) Investment	Indirect(b) Investments	Infra-structure(c) Investments	Total
1967	19.6	47.4	7.8	74.8
1968	36.0	44.9	28.1	109.0
1969	36.2	31.5	40.1	107.8
1970	48.8	29.5	118.2	196.5
1971	60.6	32.5	131.6	224.7
1972	64.1	50.3	144.9	259.3
1973	73.7	84.9	161.1	319.7
1974	121.4	118.3	264.5	504.2
1975	176.1	102.1	366.1	644.3
1976	203.2	154.8	416.3	774.3
1977	250.2	192.8	501.6	944.6
1978	302.8	236.0	595.1	1,133.9
1979	361.0	284.4	696.8	1,342.2
1980	424.8	328.6	806.7	1,560.1
1981	494.2	396.8	924.8	1,815.8
1982	596.2	460.8	1,051.1	2,081.1

Source : S.P.O., "Fourth Five-year Plan", Ankara, 1977, p.162-163, Tables 16, 17.

(a) Investments for the preservation and maintenance of natural, historical and cultural attractions.
(b) Touristic yacht ports, hotel, motel, camping sites, beach facilities, boarding houses.
(c) Touristic highways, building and purchasing ferryboats, touristic airports, electricity-water supplies.

Appendix 8.8 Production Coefficients for Selected Economic Activities in Turkey, 1967

Industry	Average Capital/ Output Ratio (1)	Incremental Capital/ Output Ratio (2)	Average Labour/ Output Ratio (3)	Average Labour/ Capital Ratio (4)	Average Import Coeffi- cient (5)	Average % of Impor- ted Capital Investment (6)
Agriculture	1.4	2.3	119.1	85.07	0.0148	4.3
Mining	1.8	3.17	36.1	20.06	0.0248	6.5
Manufacturing	1.2	2.06	17.6	14.67	0.1578	21.0
Construction	1.8	3.05	30.8	17.11	0.0231	12.2
Government Services	1.7	3.2	30.4	17.88	0.0037	0.4
Tourism	1.47	4.0 Approx.	23.0	15.63	0.0840	14.6

Source : Diamond (1976), p.550, Table 4.

Appendix 8.9 Tourism Receipts and Expenditures in Selected Mediterranean Countries

		1970		1977		Annual average increase percent
		$ million	per cent of exports or imports*	$ million	percent of exports or imports*	
Italy	a)	1,639	8.7	4,756	8.1	14.0
	b)	726	4.0	893	1.6	0.9
	c)	913		3,863		
Greece	a)	914	17.6	980	21.2	23.2
	b)	55	2.9	163	2.4	16.4
	c)	139		817		
Portugal	a)	240	15.4	403	13.7	3.7
	b)	98	4.9	135	2.4	6.1
	c)	142		268		
Spain	a)	1,681	34.3	4,123	23.6	11.7
	b)	138	2.5	530	2.7	18.9
	c)	1,543		3,593		
Yugoslavia	a)	276	9.6	841	9.3	17.3
	b)	132	4.0	575	5.3	20.9
	c)	144		266		
TURKEY	a)	51	6.6	205	8.0	22.5
	b)	47	4.0	269	3.8	32.3
	c)	4		-64		
Egypt	a)	45	4.5	729	16.0	52.2
	b)	20	1.4	172	3.0	39.0
	c)	25		557		
Morocco	a)	135	19.2	350	17.2	13.8
	b)	61	6.8	78	1.8	3.3
	c)	74		272		
Tunisia	a)	65	19.6	335	21.6	25.3
	b)	23	5.2	63	2.8	14.9
	c)	42		272		

Source : Wochenbericht 10/79, Deutsches Institut für Wirtschaftsforschung, Berlin.

a) Receipts; b) Expenditures; c) Net receipts.

* Receipts in percent of exports of goods and services; expenditures in per cent of imports of goods and services.

Appendix 8.10 Decline of the Turkish Lira, 1957-1981

	TL to the $
December 1957	2.80
December 1975	15.15
December 1976	16.75
December 1977	19.25
December 1978	25.00
December 1979	47.10
December 1980	89.52
December 1981	131.65

Source : The Times, "Focus on Turkey", Wednesday March 17, 1982.

Appendix 8.11 Tourism and Turkish Economy Survey, 1980

(A) Hotels and Motels

1. Name and address of the hotel?
2. Are you registered as a tourist establishment?
3. How many rooms does the hotel have?
   - Single :
   - Double :
4. Apart from accommodation what other services does the hotel offer?
5. Are your bookings mainly done :
   a. By direct private contact; pre-booked?
   b. Through a travel agent in Turkey or abroad?
   c. Through firms for business travellers?
6. How many foreign visitors have stayed in your hotel annually for the last fives years? What standards do they look for?
7. What types of customers are you looking for? Why? What do you do in order to attract these customers?
8. Do you operate throughout the entire year? What is the occupancy rate of the tourist season, (during peak and off-peak periods)?
9. What measures do you take in order to increase business during the slack months of the year?
10. Have you observed any changes or new trends in your clientele and in the range of activities offered by hotels nowadays?
11. How many full-time and part-time employees does the hotel have? Do you rely on local recruitment?
    a. Do you do on-the-job training?
    b. What qualities do you look for in your employees?
    c. How many of your staff speak another language?
    d. Is personnel a problem area in the hotel and catering industry? Why?
12. Would you please state, what has been, over the past five years your approximate :
    a. Volume of overnight stays?
    b. Net-profits before tax? (If this question is not answered, then, have the profits been satisfactory for you?).
13. Have you ever calculated the appropriate rate of return on capital employed, or any other financial ratio?
    a. Do you manage to achieve it?
    b. If not, what is the rate achieved?
14. What do you see as the main obstacles in the way of achieving the desired financial levels? What measures do you take to overcome these obstacles?
15. Have you ever asked for external assistance (financial or consultative)? What is your attitude towards outside finance?
16. What would you say the objectives of your business are?
17. Have you any particular plans for the future and what areas do the plans concern?

18. What are the main problems encountered in your planning process?
19. In the future, do you want to expand or not? If not, why not? If yes, have you any concrete aims for growth in terms of the following:
    a. employees.
    b. number of bookings.
    c. profits
    d. other (please specify).
20. What effects did political decisions have in the past on your business? Would you like to see any changes in the circumstances in which hotels like yours operate in Turkey?
21. How much do you know about your competitors and the general situation in the hotel industry in Turkey? Compared with your competitors (larger or smaller), what are your advantages and disadvantages in accommodating foreign tourists?
22. What managerial qualities do you regard as necessary for success?
23. How do you see the future of the Turkish hotel industry and the future of international tourism over the next five years?
24. Are there any other points you would like to raise in connection with the topic?

(B) <u>Travel Agents</u>

1. Name and address of agent :
2. When was the agency established?
3. Which tour operators do you co-ordinate with abroad, and to what extent?
4. How many tourists do you deal with per year, (foreign and domestic)?
5. Which countries do you deal with mostly? Could you put them in order of popularity?
6. What services do you offer? a) To foreign tourists, b) To domestic tourists.
7. What are the price ranges of the services you offer?
8. Please state, in order of popularity, accommodation facilities available.
9. What do you think the main problems are in accommodation facilities in Turkey?
10. Is the transport network sufficient in Turkey? If not, what improvements would you recommend?
11. What types of customers are you looking for? Why? What do you do to attract these customers?
12. Do you offer holidays for specific market segments e.g. skiers, students, senior citizens etc.?
13. What do you think foreign tourists are looking for in their holiday in Turkey?
14. What comments/complaints do you receive from your overseas clientele? (regarding local attitudes and general facilities in Turkey).
15. What is your forecast for future business?
16. What measures do you take to increase business during the off-peak months of the year?
17. What are your sales promotion activities? To what extent are they useful? How do you advertise the Turkish tourist product abroad?
18. What would you say the objectives of your business are?
19. What, in your opinion, are the risks involved in your business? How do you protect your business against these risks?
20. In the travel business, what managerial qualities do you regard as necessary for success?
21. Do you rely on local recruitment for your employees? Is personnel a problem area in your business?
22. What do you think are the main problems in developing foreign tourism to Turkey? What steps would you take to promote it?
23. What is your attitude towards government decisions in the tourist industry?
24. How do you see the impact of International tourism on the Turkish Economy and on the culture of Turkish people?
25. Are there any other points you would like to raise in connection with the topic?

TÜRK TURİNG TURİZM İŞLETMECİLİĞİ

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Istanbul, 15.06.1981
Sayı : TT/OA/BS/1083

İlgi : 2.5.1981 tarihli yazınız.

"Uluslararası Turizm ve Türkiye" konusunda hazırlanacak bir tezle ilgili olarak yönelttiğiniz soruların bir kısmı kuruluşumuzun ticari özelliklerinin saptanmasıyla ilgili görüldüğünden diğer bir büyük bölümü ise, gereğince ve ciddi olarak cevaplandırmak bakımından özel araştırma yapılıp raporlar hazırlanmasına yol açacağından ve sezon içinde bulunmamız nedeniyle bu işler için yeterli zamana sahip olmadığımızdan tarafınıza isteğinize uygun olarak cevap verilememektedir.

Bilgilerinize saygıyla sunulur.

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